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The New Qatar

The Challenges and Opportunities of Small State Diplomacy, State building and Sustainability, 1995-2010

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Thesis

**The New Qatar
The Challenges and Opportunities of Small State Diplomacy, State building and
Sustainability, 1995-2010**

By Khalid Al-Mansouri

Submitted in partial completion for the degree of Doctor of Philosophy

King's College London

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Abstract

This research examines the State of Qatar in the seminal time period between 1995 and 2010. This period began with the accession to power of Sheikh Hamad bin Khalifa Al Thani, who ruled Qatar until his abdication in 2013. It ended with Qatar's successful bid to hold the Football World Cup in 2022. This thesis is divided into seven chapters, as well as an introduction and conclusion. Taken together they examine the small state diplomacy, state-building and sustainability efforts of the government of Qatar over the course of the period under analysis. Chapter one provides an examination and analysis of Qatar's achievements in terms of what it says about diplomacy, state-building and sustainability over the fifteen-year period addressed in this thesis. It then goes back to look at Qatar in the immediate period prior to 1995 when Sheikh Hamad bin Khalifa Al Thani came to power. Chapter three examines Qatar's socio-economic developments between 1995 and the September 2011 (9/11) attacks on the United States. Chapter four looks at the post-1995 Qatari efforts to engage in diplomacy in Palestine and Lebanon. The analysis of these two important examples of Qatari involvement in the contemporary diplomacy of the region is combined with an examination of the US-Qatari strategic relationship. Chapter five examines the ongoing domestic socio-economic and political challenges and reforms that preoccupied Qatari rulers in the period between 1995 and 2010. Chapter six looks in detail at the role of Al-Jazeera in developing Qatar's regional and global standing and examines the extent that the news channel has been a key instrument of Qatari foreign policy. Chapter seven, the final chapter, examines the contemporary challenges that Qatar faces in consolidating and sustaining its achievements in the period between 1995 and 2010.

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Abbreviations & Acronyms

AFP	Agence France-Presse
BP	British Petroleum
CSFB	Credit Suisse First Boston
DSM	Doha Securities Market
EIU	Economist Intelligence Unit
FDI	Foreign Direct Investment
FRUS	Foreign Relations of the United States
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDLA	Global Dry Land Alliance
GDP	Gross Domestic Product
GGGI	Global Green Growth Institute (GGGI)
GNP	Gross National Product
GSDP	General Secretariat for Development Planning
GWOT	Global War on Terror
HDI	Human Development Index
ICI	Istanbul Cooperation Initiative
ICJ	International Court of Justice
IMF	International Monetary Fund
IOC	International Olympic Committee
LNG	Liquefied Natural Gas
MEED	Middle East Economic Digest
MENA	Middle East and North Africa
MLA	Mandated Leader Arranger
MoU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization
NGL	Natural Gas Liquid
OAPEC	Organization of Arab Petroleum Exporting Countries
OIC	Organization of the Islamic Conference
OPEC	Organization of Petroleum Exporting Countries
PA	Palestinian Authority
PLO	Palestine Liberation Organization
PPP	Purchasing Power Parity
PSA	Production-Sharing Agreement
QAPCO	Qatar Petrochemical Company
QASCO	Qatar Steel Company
QCB	Qatar Central Bank
QDB	Qatar Development Bank
QF	Qatar Foundation for Education, Science and Community Development
QFC	Qatar Financial Centre
QGPC	Qatar General Petroleum Corporation
QIA	Qatar Investment Authority
QIDB	Qatar Industrial Development Bank
QIMCO	Qatar Industrial Manufacturing Company
QNB	Qatar National Bank

QNRF	Qatar National Research Fund
QSA	Qatar Statistics Authority
QSTP	Qatar Science and Technology Park
Q-TEL	Qatar Public Telecommunications Corporation
R&D	Research and Development
RLIC	Ras Laffan Industrial City
SCP	Supreme Council for Planning
SDI	Sustainability Development Industry
SME	Small and medium-sized business
SWF	Sovereign Wealth Fund
TIFA	Trade and Investment Framework Agreement
UAE	United of Arab Emirates
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNGA	United Nations General Assembly
WCSE	World Conference on Sport and Environment
WTO	World Trade Organisation

Introduction

Size, Capabilities and Ambition: Qatar and the Small State Paradigm

The objective of this thesis is twofold. The first is to examine the evolution of the State of Qatar in the period between 2005 and 2010 both as a domestic and international actor. The second is to use Qatar as a vehicle for examining a number of influential arguments in the existing literature on small states. In these terms, one central research question addressed throughout the course of this thesis is whether the Qatari experience between 1995 and 2010 provides evidence to support or challenge the consensus view in the literature that small states *have to be* vulnerable and weak entities in the international system?

It is the contention of this thesis that under particular circumstances small states can challenge the conventional wisdom and, in doing so, can change how they act, as well as the perception of what a small state is and how it should act.

The starting point of this dissertation is 1995 when Hamad bin Khalifa Al Thani came to power. Though he ruled until his abdication in 2013, the end point of this dissertation is 2010, the year of Qatar's success in its bid to host the Football World Cup in 2022.

As Coates Ulrichsen has noted, the 'award of the 2022 FIFA soccer World Cup to Qatar on 2 December 2010 capped the remarkable rise of the GCC states to international prominence'. This success 'reflected', he continued 'in microcosm its nuanced intersection of country-branding and the creation of coalitions of regional

and international support [all] encapsulated in its catchy bid slogan, “Expect Amazing”.”¹

The branding referred to here, which will be discussed briefly below, has always been an important tool for small states looking to increase their profile. In these terms, the World Cup bid was undoubtedly part of Qatar’s attempt to brand itself as a sporting and cultural leader in the Middle East.² Prior to the bid the country had hosted the Fifteenth Asian Games in 2006, as well as ongoing annual major tennis and golf tournaments. Before the global celebration of football that is the World Cup descends on Doha in 2022, the city will also serve as host to a stage of the 2016 Tour de France and the 2017 World Athletics Championships.

However, in Qatar as well as across the nations that make up the Gulf Cooperation Council (GCC),³ attracting major regional and global sporting events has a significant foreign policy, as well as an entertainment, component. Indeed, what Jackson and Haigh have termed the ‘cultural and symbolic currency and power of sport and its attendant effects’⁴ is hugely significant for the GCC region in general and Qatar in particular.

As is regularly pointed out in discussions on the power and global reach of sport there are 203 National Olympic Committees affiliated with the International

¹ Kristian Coates Ulrichsen, ‘Small States with a Big Role: Qatar and the United Arab Emirates in the Wake of the Arab Spring’, Durham, HH Sheikh Nasser al Mohammad al Sabah Publication Series, No. 3 (October 2012), p.11-12.

² See J. E. Peterson, ‘Qatar and the World: Branding for a Micro-State’, *Middle East Journal*, Vol. 60, No. 4 (Autumn, 2006), pp. 732-748, p.747.

³ On 4 February 1981, the foreign ministers of the six Arab Gulf States – Qatar, Oman, the UAE, Saudi Arabia, Kuwait and Bahrain –met in Riyadh to agree on the establishment the Gulf Cooperation Council (GCC). This was followed by a signing ceremony in March in Muscat and a launch meeting in late May in Abu Dhabi attended by the rulers of the six Gulf States. See Jawid Laiq, ‘The Gulf Cooperation Council: Royal Insurance against Pressures from Within and Without’, *Economic and Political Weekly*, Vol. 21, No. 35 (30 August 1986), pp.1553-1560; R.K. Ramazani, *The Gulf Cooperation Council: Record and Analysis*, Charlottesville, University of Virginia Press, 1988, Ch.1: ‘Founding the GCC’, pp.12-32.

⁴ Steven J. Jackson and Stephen Haigh, ‘Between and beyond politics: Sport and foreign policy in a globalizing world’, *Sport in Society: Cultures, Commerce, Media, Politics*, Vol.11, No. 4 (2008), pp. 349-358, p.350.

Olympic Committee (IOC), eleven more than the number of member state countries of the United Nations (UN).

This explains why senior Qatari policymakers from the Emir down to officials of the Qatar Tourism Board were consistently frank and open between 1995 and 2010 in admitting that the goal of attracting major sporting events to the kingdom was to draw attention not only to Qatari commitment to sport for its own sake but also to draw attention to the country's major strides in all spheres in recent years.⁵

As one local supporter of the Qatari World Cup bid explained: 'we [wanted to] turn the negatives of a small country, with a small population, into . . . positives . . . Anyone who spends time here knows . . . that this country delivers. And delivers not because it has got resources to deliver but because it knows how to build projects and get the right people together'.⁶

Though some of the foundations for Qatar's direction and achievements between 1995 and 2010 were laid down prior to 1995, the policies and decisions that catapulted Qatar to global prominence in subsequent years occurred following Hamad bin Khalifa Al Thani's accession to office in 1995. They peaked during his decade and a half in power and culminated with the successful bid for the World Cup in 2010, an event that, again in the words of Coates Ulrichsen, 'set the capstone on its [Qatar's] rapid rise as a small state with global ambition'.⁷

At the heart of the strategy that culminated in the winning World Cup bid was the vision of using Qatar's rising hydrocarbon revenues to transform the country into a dynamic small state both at home and abroad. In pursuit of this, as subsequent

⁵ Regan Doherty, 'Emir sees Qatar hosting Sports events as way to buoy Mideast's image', 2009 <http://www.qatartourism.gov.qa/reviews/index/1/23>

⁶ See World Cup Bid Win had Smart Brains Behind it', *The Peninsular*, 11 March 2011, quoted in Andrew F. Cooper and Bessma Momani, 'Qatar and Expanded Contours of Small State Diplomacy', *The International Spectator: Italian Journal of International Affairs*, Vol. 46, No. 3 (2011), pp.113-128, p.118.

⁷ Kristian Coates Ulrichsen, 'Qatar and the Arab Spring' *OpenDemocracy*, 12 April 2011, pp.5, p.1.

chapters of this dissertation will show, between 1995 and 2010, Qatar developed a dual strategy of domestic socio-economic development and cutting edge external diplomacy in the cause of regional and global influence and standing. It is Qatar's evolution in these crucial fifteen years from a regional economic and political backwater into a significant player in the international system in the contemporary era that is the primary focus of this dissertation.

Speaking in the opening speech of the tenth Doha Conference in May 2010, just months before his country was awarded the World Cup, Emir Hamad bin Khalifa Al Thani specifically pointed to the rule of law, democracy, stability, development, education and innovation as the 'fundamental basics' of the Qatari model.⁸

In examining the phenomenon of Qatar's rise to global standing between 1995 and 2010 this thesis will examine these 'fundamental basics', which began when the new emir's government began remodeling the emirate's education, infrastructural and investment policies in the mid-1990s in lines with domestic ambitions and financial capabilities.

From that time onwards the Qatari approach to economic growth and socio-economic development has been driven by a number of realities. The first is that though strong and stable, the Qatari economy, like all oil and gas economies large and small, has always been vulnerable to lower hydrocarbon prices that not only reduce income and threaten a reversal of the country's impressive growth rate but also force a reduction of capital expenditure on infrastructure and technology, two of the pillars underpinning the World Cup bid.

There are precedents for this in Qatar, as in the rest of the Gulf region and wider oil-producing nations. In 1986-87, for example, reliance on oil revenues meant

⁸ *Al-Watan* (Doha), 14 May 2010.

that when oil prices plummeted the country did not even announce a budget. Even given the massive returns Qatar generated from its energy, and primarily gas, resources over the period under examination here, this ongoing vulnerability remained a constant concern and served as key factor in explaining for the type of socio-economic model that Qatar aspired to achieve.

Another reality that Qatar's socio-economic model has been designed to address is the small size of the country's total population and even smaller citizen component. The population of Qatar grew rapidly in the period under focus in this thesis. Between 2004 and 2008 there was on average per annum population growth of 15 percent. However, in absolute terms the population remained small over the whole course of this study. By 2009-10, the Qatar Statistics Authority estimated the country's population to be 1.65 million, of which the native population made up only 20-25 percent.⁹ This is the smallest indigenous population among the six Gulf Cooperation Council (GCC) countries.

As will be examined in more detail in subsequent chapters, over the period between 1995 and 2010 this demographic reality made it necessary for Qatar to engage in the large-scale importation of foreign labour in the service, energy, industrial and construction sectors. Apart from being a major cause of population growth,¹⁰ it resulted in the government decision to pursue actively programmes intended to encourage the employment and promotion of Qatari nationals in the workforce.¹¹

⁹ See Qatar Statistics Authority, *Annual Report, 2009*, Doha, 2010. According to the IMF the population as of mid-2009 was somewhat smaller at 1.2 million. See *Qatar: Statistical Appendix, IMF Country Report No. 10/62*, March 2010. See also Kasim Randeree, *Workforce Nationalization in the Gulf Cooperation Council States*, Doha, Center for Regional and International Studies, Georgetown University School of Foreign Service, 2012.

<http://www.imf.org/external/pubs/ft/scr/2010/cr1062.pdf>

¹⁰ Claude Berrebi, Francisco Martorell and Jeffrey C. Tanner, 'Qatar's Labor Markets at a Crucial Crossroad', *Middle East Journal*, Vol. 63, No.3 (Summer 2009), pp.84-102.

¹¹ Kasim Randeree, *Workforce Nationalization in the Gulf Cooperation Council States*, pp.9-10.

As chapter 4 will shown, although this process of Qatarization – the attempt at workforce nationalization, with the end goal of reducing expatriate employment by bringing more citizens into the workplace –became increasingly necessary in recent decades, its launch can be traced back to the mid-1970s.

Directly related to this was the need for Arab governments, as Qatar’s then Finance Minister, Yousef Hussain Kamal, explained in May 2010, to create 100 million new jobs and to reduce the percentage of the population in public sector employment so that the state was no longer the dominant pillar of the economy and the private sector had an opportunity to blossom for the first time.¹²

It was with such challenges in mind—the need to increase the opportunities for employment for native Qataris, especially women, and the need to reduce the size of the public sector and increase the size of the private sector—that the development of the Qatari socio-economic model over the decade and a half under examination in this dissertation took place.

This model has focused on four key components all of which overlap and all of which, in various ways, were key to the successful Qatari World Cup bid in 2010. The first was infrastructural development. The second was investing in third-level education and the establishment of research parks and centres to develop cutting edge technologies. The third was building relationships with external partners in the financial, energy, hi-technology and educational sectors, among others, in order to attract foreign direct investment (FDI) and technological know-how. The fourth was using hydrocarbon earnings to diversify the economy through high profile investments at home and abroad, a move that has also contributed significantly to the development of Qatar’s global brand and external influence.

¹² ‘Qatar: International Risk & Payment Review’, *D&B Monthly Review*, November 2010, p.79.

According to Qatar National Bank (QNB), the Economist Intelligence Unit (EIU) and the International Monetary Fund (IMF), between 2005 and 2008 nominal GDP in Qatar almost doubled to US\$71 billion, which represented an annual growth rate of 16 percent in real terms adjusted for inflation. In 2009, despite the global financial crisis, real GDP grew 9 percent due to a 10 percent growth in the hydrocarbon sector and an 8 percent growth in the non-hydrocarbon sector underpinned by investment.

By 2010, the year of the victorious World Cup bid, the US Central Intelligence Agency (CIA) estimated Qatari per capita income at \$145,300, to be the highest in the world. In the same year the IMF estimated that Qatar's GDP per capita in terms of purchasing power parity (PPP) was the second highest in the world after Luxembourg at US\$76,000.¹³ By this time, Qatar could also claim to be home to the fifth highest number of millionaires in the world as a proportion of the population.¹⁴ Even more significant the country was still in the growth stage, with the highest GDP growth per annum of the GCC member states at 7 percent (compared to Saudi Arabia, the lowest in the GCC at 1 percent).

In the post-2010 era the euphoria and global attention surrounding the World Cup bid has leveled off. However, Qatar has remained in the international spotlight for a number of reasons since then. This has included the ongoing scale of its socio-economic development at home and its ongoing extensive strategic investment policy overseas. Both have kept Qatar in the global public eye. So has the country's role in the regional politics of the Arab Spring and post-Arab Spring periods. The country was a leading party in the NATO-led removal of long-time Libyan leader Muammar

¹³ *Qatar: Statistical Appendix, IMF Country Report No. 10/62*, March 2010
<http://www.imf.org/external/pubs/ft/scr/2010/cr1062.pdf>

¹⁴ *Qatar: 2009 Article IV Consultation-IMF Country Report No. 10/41*, February 2010,
<http://www.imf.org/external/pubs/ft/scr/2010/cr1041.pdf>. Qatar came fifth behind Singapore, Hong Kong and Switzerland, and Kuwait and ahead of UAE in the global rich list of 2009-10.

Gaddafi. To the distress of its GCC partners, Saudi Arabia and the United Arab Emirates (UAE), Doha has also championed the Muslim Brotherhood in Egypt since the overthrow of Hosni Mubarak and has been a vocal and practical backer the anti-Assad rebels in Syria.

Despite all this, the Arab Spring and its consequences are outside the scope of this thesis. It is very much a living issue, continuously evolving in many directions. This makes it hard to clearly analyse or interpret properly its real and lasting consequences for Qatar in particular and the Arab world in general. Moreover, this dissertation was conceived from its outset to end at the time of the successful World Cup bid. As the culmination of an economic, financial, and external strategy initiated for the most part post-1995 this is a natural cut-off point.

The only exception is in chapter 6. It is vital to examine and analyse the key role of the Al-Jazeera news networks in the Arab Spring in Egypt, Tunisia and Libya in order to illuminate properly its previous role as a central component of Qatar's small state strategy in the decade and a half between 1995 and 2010.

By excluding for the most part events and issues post-2010, this thesis will not deal with a second factor that has kept Qatar in the spotlight recently and which, like the Arab Spring and its consequences, has a direct bearing on this thesis. This was the summer 2013 leadership transition, which saw the retirement of Hamad bin Khalifa Al Thani as emir and the transition of power to Crown Prince Tamim bin Hamad bin Khalifa Al Thani.

This move undoubtedly has implications for both Qatar and the wider Arab region, though its major relevance to this thesis is that it highlights very clearly Emir Hamad bin Khalifa Al Thani's innovative and even radical approach (at least

compared with other leaders in the Arab world) to making major decisions.¹⁵

Description of thesis

This thesis is divided into seven chapters, as well as this introduction and a conclusion. Each chapter begins with a quote from a major work in the small state literature. The first chapter starts with A.H. Henrikson's acute observation that 'a small state's perception of its size is very subjective and differs greatly from the perception of other external parties'.¹⁶

This provides a very relevant starting point for examining Qatar in the contemporary world up to the time of its World Cup bid victory in December 2010. In the process, it looks to examine how Qatar's recent success as a small state in today's international system has been perceived, as well as the factors that have driven its success and attainments in the period between 1995 and 2010.

Chapter 2 examines the political gradualism and the socio-economic risk-taking that defined the first phase of the new emir's rule between 1995 and the early 2000s. It begins with a quote from Hassan Ali Al-Ebraheem that contends that in a small state 'important policy decisions... emerge out of the personal aspirations and preferences of the leader'.¹⁷

¹⁵ See for example, Thomas Lippman, 'Transition in Qatar: Lessons for the GCC States', 17 July 2013, *Middle East Institute*, Washington, D.C; Jane Kinninmont, 'What next for the Gulf's rulers- for-life?', *The Guardian*, 22 June 2013; Andrew Hammond, 'Qatar's Leadership Transition: Like Father, Like Son', *European Council on Foreign Relations Policy Brief*, 2014; Lina Khatib, 'As Son Takes Over in Qatar, Little Chance of New Policies', *IPI Global Observatory*, 2 July 2013; Jeffrey Goldberg, 'Qatar: Attention-Starved Teen of the Middle East', *Bloomberg*, 2 May 2013.

¹⁶ A.H. Henrikson, 'A coming 'Magesian age? Small states, the global system, and the international community, *Geopolitics*, Vol. 6 (2001), pp.49-86, p.62-63.

¹⁷ See Hassan Ali El-Ebraheem, *Kuwait and the Gulf: Small States in the International System*, London, Croom Helm, 1984, p.49; W.S. Jung, 'Financial Sector Development and Economic Growth: International Evidence', *Economic Development and Cultural Change*, Vol.34, No. 2 (January 1989), pp.333-346.

In these terms, this chapter looks at the highly personalized nature of rule in Qatar between 1995 and 2010 to show how the decisions and policies proposed and implemented in the both the domestic and external arenas laid the foundations of Qatar's subsequent evolution at home and abroad.

Chapter 3 examines Qatar's foreign policy repositioning in the period between Sheik Hamad bin Khalifa Al Thani's ascent to power in 1995 and the September 2001 (9/11) Al-Qaeda attacks on the United States (US). This chapter begins with Robert Keohane's observation from the small state literature that '[A small state is one] 'whose leaders consider that it can never, acting alone or in a small group, make a significant impact on the system'.¹⁸

From here the chapter focuses on examining Qatar's small state diplomacy and argues that Qatari efforts to engage in regional diplomacy and strategic relations with the US, though in part confirming the limitations of a small state acting in the international system, also challenges and contradicts the conventional view of the effectiveness of small state external engagement in international affairs.

Chapter 4 begins with a quote from the writings of Miriam Fendius Elman's assertion 'Statesmen in newly independent states should be responsive to external stimuli and should react to external threats in order to protect the emerging state's survival. However, in later periods, state behaviour may be better explained from a domestic level perspective'.¹⁹

The chapter then goes on to examine the transformation that took place post-1995 in Qatar's energy sector. This had a profound impact on the entire socio-economic basis of Qatari society. As this chapter argues, almost every major

¹⁸ Robert Keohane, 'Lilliputians' Dilemmas: Small States in International Politics', *International Organization*, Vol. 23, No. 2 (Spring 1969), pp. 291-310, p.296.

¹⁹ Miriam Fendius Elman, 'The Foreign Policies of Small States: Challenging Neorealism in its Own Backyard', *Journal of Political Science*, Vol. 25, No. 2 (April 1995), pp. 171-217, p.212.

development between 1995 and 2010 was driven by the high-risk strategy of moving from oil to gas as the key earner of the country's hydrocarbon revenues. In examining this move and assessing its impact, this chapter examines the ongoing domestic socio-economic and political challenges and reforms that have preoccupied Qatari rulers into the early part of the twenty-first century.

Chapter 5 examines the limits and opportunities that Qatar has experienced as a small state in the international system in the post-9/11 era. It begins by quoting Robert Rothstein's assertion that a small state 'recognizes that it cannot obtain security primarily by use of its own capabilities, and that it must rely fundamentally on the aid of other states institutions, processes or developments to do so'.²⁰

This well-known claim by one of the most respected thinkers on small states is challenged in the course of this chapter by an analysis of Qatar's evolving bilateral relationship with the US and its engagement in two key regional disputes –the Israel-Palestine conflict and sectarian strife in Lebanon.

Chapter 6 begins with Peter R. Baehr's 1975 assertion that small state 'decision-makers [are] unable to compete with their counterparts in larger states in regard to the quantity and diversity of information that is available to them and which they can disseminate'.²¹ In order to test this claim, this chapter examines Al-Jazeera as an instrument of Qatar's soft power, in particular its role in developing Qatar's regional and global standing from 1995 to 2010. In doing so, as noted above, it will address Al-Jazeera's key role in the Arab Spring but only in order to set the context for the news network's evolution up to that time.

²⁰ Robert L. Rothstein, *Alliances and Small Powers*, New York and London, Columbia University Press, 1968, p. 29.

²¹ Peter R Baehr, 'Small States: A Tool for Analysis', *World Politics*, Vol. 27, No. 3 (April 1975), pp. 456-466, p. 462.

The final chapter begins with one of the most well-known arguments in the literature on small states – David Vital’s assertion from the late 1960s that ‘Weakness [is the] most common, natural and pervasive view of self in the small state’.²²

This chapter then examines the challenges that Qatar faces in consolidating and sustaining its achievements over the last two decades in terms of Vital’s postulate. This is particularly pertinent at a time when Qatar’s reputation as a regional diplomatic power is coming under increasing pressure in the face of post-Arab Spring realities and its status as an enlightened model of good socio-economic practice is being challenged amidst an international focus on the experience and conditions of foreign workers involved in the country’s hugely ambitious construction projects in preparation for the World Cup.

This last chapter elaborates on Qatar’s contemporary position in the context of the overall argument of this thesis –that Qatar in the years between 1995 and 2010 was both an exceptional small state in the international system, as well as one that often exhibited classic tendencies and characteristics of a small state both at home and abroad.

Contribution to the literature

This dissertation focuses on a period, between 1995-2010, during which Qatar’s dual strategy of investing its significant hydrocarbon revenues in the cause of development and stability at home and influence abroad attracted the growing attention of states large and small in the region and beyond.

This decade and a half also saw Qatar become an increasingly popular topic for both scholarly and policy literature. The amount of material written on any given subject, whether social, economic or political, is evidence of the world’s interest and

²² David Vital, *The Inequality of Small States*, New York, Oxford University Press, 1967, p. 33.

focus on it at any given time. In the context of the politics of the Arabian Peninsula and Persian Gulf, during the late 1970s and early 1980s for example, there was a huge amount of material written on Qatar's larger neighbor to the south, Saudi Arabia.

Much of this highlighted the centrality of Saudi Arabia to regional and international politics in the wake of the oil crisis of 1973 and the revolution in Iran in 1979. Both of these major events transformed Saudi Arabia into a key regional strategic ally of the US, as well as a global financial powerhouse in the last decades of the Cold War.

Similarly, the 1980s saw an extensive bibliography on the Iran-Iraq war which lasted from 1980-1988; while the early 1990s saw a surge in literature on regional security, Washington's unipolar dominance of the Gulf, and the prospects of democratization in the Arab world following Iraq's invasion of Kuwait in August 1990 and the defeat of Saddam Hussein's forces by a US-led international coalition in the early months of 1991.

Prior to the mid-2000s there were comparatively few works dealing with Qatar as a foreign policy player, economic actor or small state in the international system. The literature that did exist focused primarily on the history and politics of the country up until its independence in 1971 and in the few years that immediately followed. These works included, most notably Rosemarie Said Zahlan's, *The Creation of Qatar*, published in 1979, Ragaei al Mallakh's *Qatar: Development of an Oil Economy*, published in the same year and Nasser Al-Othman, *With their Bare hands: The Story of the Oil Industry in Qatar* published in 1984.²³

Other literature on Qatar from the period prior to 1995 includes a limited

²³ See Rosemarie Said Zahlan, *The Creation of Qatar*, London, Croom Helm, 1979 and Ragaei al Mallakh, *Qatar: Development of an Oil Economy*, New York, St. Martin's Press, 1979. This work was reprinted in 1985 as *Qatar: Energy and Development*; Nasser Al-Othman, *With their Bare hands: The Story of the Oil Industry in Qatar*, London, Longman, 1984.

number of scholarly examinations, notably Emile A. Nakhleh's 1977 work on citizenship and labour markets and Jill Crystal's comparative work on the political nation as well as Ballantyne's comparative work on legislative authority and governing structures in the country.²⁴

These studies provided valuable insights into in different historical, social and cultural contexts and many of the issues addressed are still relevant. This is evidenced by the fact that thirty years after Nakhleh's groundbreaking article on Labor Markets and Citizenship in Qatar, Claude Berrebi, Francisco Martorell and Jeffrey C. Tanner published an major article on the same still key issues.²⁵

Despite the quality and contemporary relevance of these works pre-2000 works on Qatar, the reality is that in absolute terms the literature on Qatar prior to the twenty-first century was minimal compared to the vast amount of publications on other regional states. With the exception of Ahmad Zakariya al-Shilq's 1999 study *Fusul min Tarikh Qatar al-Siyasi*,²⁶ Qatar pre-2000 received almost no significant attention in the literature even when contrasted with writing on other small states in the immediate region (Kuwait²⁷ and Yemen) or wider Middle East (Israel and Lebanon).

²⁴ See Emile A. Nakhleh, 'Labor Markets and Citizenship in Bahrayn and Qatar', *Middle East Journal*, Vol.31, No. 2 Spring 1977, pp.143-156, p.148 and Jill Crystal, 'Coalitions in Oil Monarchies: Kuwait and Qatar', *Comparative Politics*, Vol. 21, No. 4 (July 1989), pp. 427-443 and *Oil and Politics in the Gulf: rulers and merchants in Kuwait and Qatar*, Cambridge, Cambridge University Press, 1995; On the history of legislative authority in Qatar, its Constitution and governing structures see W. M. Ballantyne, 'The Constitutions of the Gulf States: A Comparative Study', *Arab Law Quarterly*, Vol. 1, No. 2 (Feb 1986), pp. 158-176.

²⁵ Berrebi, Martorell and Tanner 'Qatar's Labour Market at a Crucial Crossroad', pp.421-442.

²⁶ Ahmad Zakariya al-Shilq, *Fusul min Tarikh Qatar al-Siyasi* [Chapters from Qatar's Political History], Doha, A.Z. al-Shalaq, 1999.

²⁷ Mary Ann Tètreault, 'Autonomy, necessity, and the small state: ruling Kuwait in the twentieth century', *International Organization*, Vol. 45, No. 4 (September 1991), pp. 565-591; See also Hassan Ali Al-Ebraheem, *Kuwait and the Gulf: Small States in the International System*, London, Croom Helm, 1984.

By 2000, however, this was changing as the impact of the new emir's ambitious policies –political, economic and strategic – at home and abroad began to be realized and Qatar's rising regional and global standing became increasingly apparent. In terms of the domestic political developments and reforms that have been instituted since 1995, Rathmell and Schulze's 2000 study was valuable as for its examination of 'ruler-society fiscal relations'.²⁸

Mehran Kamrava subsequently built on Rathmell and Schulze's work by examining Qatar's move towards political liberalization since 1995.²⁹ Kamrava made the case that domestic political reform was slowed down by internal competition and differences inside the ruling family. He has also argued that the tension between the state's access to massive oil and gas funds and its ability to determine the political and economic transformation of society with the least possible interference from society's different social groups has undermined the emergence of autonomous civil organisations and the development of democracy. This explains, in his view, how Emir Hamad bin Khalifa Al Thani's initial push for political reforms stalled and why real power, up to the present day, lies with the Emiri Diwan and the Emir's closest and most influential advisers.³⁰

Building on Jacob Abadi's important 2004 article, one of the first to present Qatar in the context of its growing foreign policy role,³¹ Kamrava has also contributed

²⁸ Andrew Rathmell and Kirsten Schulze, 'Political Reform in the Gulf: The Case of Qatar', *Middle Eastern Studies*, Vol. 36, No.4 (October 2000), pp.47-62, p.56. Other works dealing with the political evolution of Qatar include Louay Bahry, 'Elections in Qatar: A Window of Democracy Opens in the Gulf', *Middle East Policy*, Vol. 6, No. 4 (June 1999), pp.118-127; Olivier Da Lage, 'La Constitution du Qatar approuvée par referendum le 29 avril 2003', *Maghreb-Machrek*, No. 176, Spring 2003, pp. 111-121; Michael Herb, 'Emirs and Parliaments in the Gulf', *Journal of Democracy*, Vol. 13, No. 4 (October 2002), pp. 41-47.

²⁹ Mehran Kamrava 'Royal Factionalism and Political Liberalization in Qatar', *Middle East Journal*, Vol. 63, No. 3 (Summer 2009), pp.401-420.

³⁰ Mehran Kamrava, 'Mediation and Qatari Foreign Policy', *Middle East Journal*, Vol. 65 No.4 (Autumn 2011), pp.539-556.

³¹ Jacob Abadi, 'Qatar's Foreign Policy: The Quest for National Security and Territorial Integrity', *Journal of South Asian and Middle Eastern Studies*, Vol. 27, No. 2 (Winter 2004), p.14-37.

to the development of thinking about Qatar as a foreign policy player in recent decades. His research identified Qatar as a ‘civilian power’ defined by a ‘combination of personal and state-owned wealth and stability along with strategic and clever use of these assets’.³²

Kamrava subsequently extended his research on Qatar’s domestic politics and external engagement into a 2013 book-length study titled *Qatar: Small State, Big Politics*.³³ In this work, he examined both the rapid rise of the Qatari socio-economic state to a position of ‘high-modernism’ as well as what he calls the country’s ‘hyperactive diplomacy’. He also introduced the concept of ‘subtle’ power to differentiate Qatar’s attempt to influence events beyond its borders with the soft power elucidated by Joseph Nye and others in recent years.³⁴

One other book-length work has dealt with Qatar in recent times. The first, by Allen J. Fromherz and published in 2011 was titled *Qatar, A Modern History*.³⁵ It was the first work since Zahlan’s 1979 monograph to examine Qatari history and place it in the modern context. Its focus was on local, social and economic history and the majority of the work was dedicated to the historical rather than the contemporary period.³⁶

Another work that began as a PhD thesis at Durham University was Abdulaziz

³² Mehran Kamrava, ‘Power Realignment in the Gulf’, *Center for International and Regional Studies. Georgetown University in Qatar Newsletter*, No. 6 (Summer 2009), p.6. See also Steven Wright, ‘Foreign Policies with International Reach: the case of Qatar’, in David Held and Kristian Coates Ulrichsen, *The Transformation of the Gulf: Politics, Economic and the Global Order*, London and New York, Routledge, 2012 and Lina Khatib, ‘Qatar’s foreign policy: the limits of pragmatism’, *International Affairs*, Vol. 89, No. 2 (March 2013), pp.417-432.

³³ Mehran Kamrava, *Qatar: Small State, Big Politics*, Ithaca and London, Cornell University Press, 2013.

³⁴ Ibid.

³⁵ Allen J. Fromherz, *Qatar, A Modern History*, Washington D.C, Georgetown University Press, 2012.

³⁶ Another book to be published soon will be David Roberts book on *Qatar: Securing a City State with Global Ambitions*, London and New York, Hurst and Oxford University Press, 2014. The book’s content, the product of a doctoral dissertation completed at Durham University, has been widely disseminated in a policy papers and journal articles. See for example, David B. Roberts, *The Arab World’s Unlikely Leader: Embracing Qatar’s Expanding Role in the Region*, 13 March 2012, *POMED Policy Brief*, pp.6 For a scholarly article making much the same point see his ‘Understanding Qatar’s Foreign Policy Objectives’, *Mediterranean Politics*, Vol. 17, No. 2 (2012) pp. 233-239.

Al-Ghorairi's doctoral thesis, *The Development of the Financial Sector of Qatar and its Contribution to Economic Diversification*, completed in 2010. This is an excellent study that investigates the relationship between financial sector development and economic development in Qatar and the impact this relationship has had on the country's policy of economic diversification.

Outside of academia there has also been a surge in policy-type publications on Qatar over the last several years. Notable among these, in so much as they offer a representative sample of this growing literature, are the regularly updated Congressional Service Reports on US-Qatari relations authored by Christopher M. Blanchard;³⁷ and works by major research and policy institutions on key aspects of Qatar's domestic and external development ranging from Rand's work on the Qatari education system to Qatar's foreign policy engagement in the context of the Arab Spring. The most notable works on this latter issue, which is outside the scope of this thesis, include Kristian Coates Ulrichsen's 'Small States with a Big Role: Qatar and the United Arab Emirates in the Wake of the Arab Spring', published by HH Sheikh Nasser al Mohammad al Sabah Publication Series at Durham University.³⁸

This thesis both draws from and builds on this growing body of scholarly and policy literature on Qatar's domestic development and external engagement. It also raises questions and examines the subject from its own distinctive perspective. In doing so it makes a number of significant contributions to existing knowledge. First of all, it adds to recent scholarship that examines GCC member states from a small

³⁷ See Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Washington D.C., Congressional Service Report, January 24, 2008, Order Code RL31718 updated, 16 May 2011 and 30 January 2014.

³⁸ Joy S. Moini *et al* 'Revitalizing Qatar's National University', *RAND-Qatar Policy Institute, Research Brief*, 2009; Kristian Coates Ulrichsen's 'Small States with a Big Role: Qatar and the United Arab Emirates in the Wake of the Arab Spring', Durham, HH Sheikh Nasser al Mohammad al Sabah Publication Series, No. 3: (October 2012). See also Kristian Coates Ulrichsen, 'Qatar and the Arab Spring' *OpenDemocracy*, 12 April 2011, pp.5.

state perspective

J.E. Petersen 2006 article on this issue characterised Qatar as a ‘micro-state’.³⁹ However, Petersons’ research is primarily focused on the role of branding in small states rather than on developments in Qatar itself. As he notes, branding has ‘emerged as a state asset to rival geopolitics and traditional considerations of power’ as it increases prestige and awareness, which in turn provide legitimacy-key for a small state’.⁴⁰ Peterson frames Qatar branding ‘in context of the constraints and problems of small states’⁴¹ and he provides clarity of thought on small states in general. However, only the last two pages of his eighteen-page article directly deal with the Qatar case study.

Like Petersen’s earlier work, a 2014 paper by Gidon Windecker and Peter Sendrowicz, examines Qatar as a business model for a micro state and views the country from a branding perspective. It argues that turning a country into a highly recognisable international brand is not enough as it is also necessary to attract stakeholders and form long-term bonds with them.⁴² This view is in line with Van Ham’s classic argument that ‘a brand is best described as a customer’s idea about a

³⁹ J.E. Peterson, ‘Qatar and the World: Branding for a Micro-State’, *Middle East Journal*, Vol. 60, No. 4 (Autumn 2006), pp.732-748

⁴⁰ Ibid., p.746-748. On the issue of branding as an instrument of international relations also see Gregory J. Ashworth, ‘The Instruments of Place Branding: How is it Done?’, *European Spatial Research and Policy*, Vol.16, No. 1 (2009), pp.9-22; ‘Special Section on Place Branding in the Middle East’, *Place Branding and Public Diplomacy*, Vol. 8, No. 1 (February 2012); Peter Van Ham, ‘The Rise of the Brand State: The Postmodern Political Image and Reputation’, *Foreign Affairs*, Vol. 80, No. 5 (Sept-Oct 2001), pp.1-6. On the issue of branding as an instrument of foreign policy for Gulf states in general and Qatar in particular see Andrew F. Cooper and Bessma Momani ‘The Challenge of Re-branding Countries in the Middle East: Opportunities through New Networked Engagements versus Constraints of Embedded Negative Images’, Paper presented to the ISA Annual Conference, San Francisco, March 2008; Hanan Hazime, ‘From city branding to e-brands in developing countries: An approach to Qatar and Abu Dhabi’, *African Journal of Business Management*, Vol. 5, No.12 (June, 2011), pp. 4731-4745; Li-Chen Sim, ‘Re-branding Abu Dhabi: From Oil giant to Energy titan’, *Place Branding and Public Diplomacy*, Vol. 8, No.1 (February 2012), pp.83-98.

⁴¹ J. E. Peterson, ‘Qatar and the World: Branding for a Micro-State’, *Middle East Journal*, p.732.

⁴² Gidon Windecker and Peter Sendrowicz, ‘Qata Between Marketing and Realpolitik: A Smart Business Model for a Microstate?’, No. 1, 2014, *KAS International Reports*, pp.83-102, p.85.

product’ and that in these terms the ‘brand state’ comprises the ‘outside world’s ideas about a particular country’.⁴³

From this perspective, it is certainly possible to see Qatar’s World Cup winning bid as an excellent example of *event* hallmarking, whereby places organise events, usually cultural or sporting, in order to obtain a wider recognition that they exist but also to establish specific brand associations.⁴⁴

This is even truer of the subject of chapter 6 – Al Jazeera. Since its establishment in 1996 this news network has not only had the ‘greatest impact on the region’s news service landscape’;⁴⁵ as chapter 6 will show, Emir Hamad bin Khalifa Al Thani envisioned Al-Jazeera as ‘a TV station reflecting the new image of Qatar that he wished to project to the outside world’.⁴⁶ This in turn, was central to Qatar’s evolving approach to, and engagement, in public diplomacy.⁴⁷

Qatar: A Small State in the International System

Kristian Coates Ulrichsen has recently challenged the characterization of Qatar as a micro-state. As he has perceptively noted in arguably the most acute analysis of contemporary Qatar, extraordinary levels of in-migration have trebled the Qatari population and propelled it out of the ‘micro-state’ category.⁴⁸

⁴³ Van Ham, ‘The Rise of the Brand State’, p.2.

⁴⁴ For a detailed analysis of this form of branding see Gregory J. Ashworth, ‘The Instruments of Place Branding: How is it Done?’, *European Spatial Research and Policy*, Vol.16, No. 1 (2009), pp.9-22.

⁴⁵ See Cooper and Momani ‘The Challenge of Re-branding Countries in the Middle East: Opportunities through New Networked Engagements versus Constraints of Embedded Negative Images’.

⁴⁶ Louay Y. Bahry, ‘The New Arab Media Phenomenon: Qatar’s Al-Jazeera’, *Middle East Policy*, Vol. 8, No. 2 (June 2001), pp.88–99.

⁴⁷ For a more in-depth look at Al-Jazeera’s public diplomacy strategy as a non-state actor see Eytan Gilboa and Shawn Powers. ‘The Public Diplomacy of Al-Jazeera’, in P. Seib (ed.), *New Media and the New Middle East*, New York, Palgrave Macmillan, 2007, pp.53-80 and Norbert Wildermuth, ‘Defining the “Al-Jazeera Effect”: American Public Diplomacy at a Crossroad’, *Media Res*, Vol. 1, No. 2 (February 2005).

⁴⁸ Kristian Coates Ulrichsen, ‘Small States with a Big Role: Qatar and the United Arab Emirates in the Wake of the Arab Spring’, p.8.

Demographics was only part of this and, again as Coates Ulrichsen as well as Andrew F. Cooper and Bessma Momani in their own work on the contours of Qatar's small state diplomacy, have argued, 'domestic factors converged' with the changing nature of the concept of power itself in an intensely interconnected and globalized world.

Indeed, during the 1990s and 2000s, at exactly the same time as Qatar under its new leadership was engaging in its ambitious vision for the country at home and abroad the new global environment increasingly allowed for small states to project greater power internationally as the link between size and power eroded.⁴⁹

This is a distinct change from the traditional situation. In the immediate post-World War Two era considerations of size played at least some part in deciding whether a territorial unit was fit to become independent. Since that time the notion of a small state has become well established and currently the great majority of the world's two hundred plus legally sovereign states can be defined as small.⁵⁰

When Qatar achieved independence and entered the United Nations in September 1971 it was one of the smallest of the world's small states. Its most extreme length was 90 miles, its extreme breadth 56 miles, and its total area was 3,800 square miles. Its population was then estimated to be between 150,000 and 180,000.

It was so small that it was widely acknowledged at the time that, in the words of one contemporary commentator, 'if the United Nations had yet reached a decision as to the minimum population entitling any country to membership, Qatar could probably not have sought it but the UN has not yet enacted the statute'.⁵¹ Indeed,

⁴⁹ Ibid., p.10. See also Cooper and Momani, 'Qatar and Expanded Contours of Small State Diplomacy', p. 123.

⁵⁰ 'A Quiver of Sheiks', *The Economist*, 15 July 1961, p. 222.

⁵¹ Tom Little, 'News Desk', *Middle East International*, October 1971, p. 9.

Qatar's entry into the UN along with that of Oman, Bhutan and Bahrain at the same time, saw then UN Secretary- General U Thant declare that 'the problem of micro-states...is likely to become more acute in the years to come'.⁵²

The study of small states as a specific research category reached its peak in the 1970s at exactly the same time as Qatar entered the UN, in a period following the process of decolonization during which numerous small entities gained statehood. This period of decolonisation, as Cooper and Momani have noted, coincided with the Cold War, and thus not surprisingly was a time of bipolarity, great power domination and Realist thinking that dictated that small states choose between a narrow set of choices, namely either a bandwagon and a balancing approach.⁵³

On the one hand in the post Cold-War era, globalisation has served to exacerbate this sense of divergence between strong and weak actors.⁵⁴ On the other hand, as Peterson has pointed out, there is growing consensus that small states now matter because of the large number of sovereign entities that are small.⁵⁵

However, up to the present day there remains little consensus on how to conceptualize and define the 'smallness of small states'.⁵⁶ Given this, the term "small state" is used more in a descriptive than conceptual manner. This does not mean that Peter Baehr's argument, made during the mid-1970s, that the concept of small states is not a useful analytical tool in understanding world politics is accurate either in general or specifically in the case of Qatar.⁵⁷ As this study of Qatar's internal and external development will show there is value in viewing the country as a small state

⁵² 'Independence has many vital voices', *Middle East International*, No. 4, July 1971, p. 19.

⁵³ Cooper and Momani, 'Qatar and Expanded Contours of Small State Diplomacy', p.114.

⁵⁴ Ibid., p.114.

⁵⁵ J. E. Peterson, 'Qatar and the World: Branding for a Micro-State', p.737.

⁵⁶ Matthias Maass, 'The elusive definition of the small state', *International Politics*, Vol. 46, No. 1 (2009), pp.65-83, p.70.

⁵⁷ Peter R. Baehr, 'Small States: A Tool for Analysis?', *World Politics*, Vol. 27, No. 3 (1975), pp. 456-466.

as long as the definition and concept is highly flexible and relative rather than absolute.

This is particularly the case because this dissertation is not looking to either praise or judge Qatar in terms of its successes and failures. There were plenty of both between 1995 and 2010, and the period since the Arab Spring in 2011, a time beyond the scope of this thesis, has also underscored the risks and downsides related to the policies adopted by Qatar, particularly in external affairs.

Nevertheless, Qatar can still be used to examine, to illuminate and to contribute to our understanding of small states in ways that move beyond the conventional wisdom contained in much of the literature that small states are, and can only be, weak members of the international system. Indeed, by examining Qatar in the light of this literature, this thesis looks to achieve two things. The first is to shed light on Qatar over a key period in its recent history. The second is to challenge and change the perception of what a small state is.

For example, traditionally the most commonly used criteria for identifying small states is population size. In his classic text, *The Inequality of Small States*, written in the middle of the era of decolonization in the late 1960s, David Vital classified those nations with a population of less than 10-15 million in the economically advanced world and less than 20-30 million in the underdeveloped world as small states.⁵⁸ Others have subsequently gone further, classing those states with a population of less than one million as micro-states,⁵⁹ a definition under which

⁵⁸ David Vital, *The Inequality of Small States*, New York, Oxford University Press, 1967, p. 8.

⁵⁹ Interestingly, a World Bank report on microstates (those with less than 1 million population) has found that microstates had on average higher income and productivity levels than small states and grow no more slowly than large states. See William Easterly and Aart Kraay, 'Small States, Small Problems?', *World Bank Development Research Group Policy Research Working Paper* 2139 (WPS2139), 1999, pp.36.

Qatar, would not have even qualified for small state status for most of its post-independence existence.

Similarly Karl Deutsch has argued that a small state is one where Gross National Product (GNP) is less than 1 percent of the total world GNP.⁶⁰ Other traditional indicators have included geographic area and military capability, while other scholars have acknowledged the need to adapt a set of criteria to define small states, with the key dimensions of small state size being a combination of a number of key factors including, but not limited to, a state's population, its geographic size, its military capability and its GNP.⁶¹

Certainly, the approach of more recent scholars like Bjorn Olafsson,⁶² who has argued that there is no consistent correlation between population size and other measures of state size is a more illuminating and informative model to adopt in any examination of Qatar's development over recent decades than an approach that focuses on any one single factor such as population size, military strength or even national wealth.

In 2007, Qatar spent 10 percent of GDP on military expenditure, making it the number two global spender in percentage terms behind Oman and before Saudi Arabia. Apart from an air-force Qatar has a total military with manpower of about 12,000 men, including a coast guard, national firefighting force, air wing, marine police, and an internal security force. This makes it home to one of the smallest militaries and civil defence infrastructures in the Middle East.⁶³

⁶⁰ Karl W. Deutsch, *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience*, Princeton, N.J., Princeton University Press, 1957. According to the Economist Intelligence Unit, Qatar's GDP in 2008 was US\$71 billion, less than 1% of the size of US GDP.

⁶¹ See also Niels Amstrup, 'The perennial problem of small states: a survey on research efforts', *Cooperation and Conflict*, Vol. 11, No. 3 (1976), pp. 139-163.

⁶² Bjorn Olafsson, *Small States in the Global System: Analysis and Illustrations from the Case of Iceland*, Aldershot, Asghate, 1998 pp. 8-10.

⁶³ Gidon Windecker and Peter Sendrowicz, 'Qatar Between Marketing and Realpolitik: A Smart

Likewise, Qatar's experience since the mid-1990s illuminates the difficulty of speaking of a specific form of small state behaviour or of defining too precisely terms such as 'weakness' or 'power' by measuring it in terms of military capability alone.

Time and again, as this thesis will demonstrate, Qatar's capacity to project power and influence has not been hindered by the fact that it has always lacked the one structural precondition of power that the literature has argued was essential—military strength.⁶⁴

Qatar's first taste of power was, in the phrasing of famed political scientists Robert Keohane and Joseph Nye, was in a specific 'issue area'—oil and gas. Even prior to the first years of Emir Hamad bin Khalifa Al Thani's rule in the mid-1990s, Qatar met the criteria set down by Keohane and Nye of small states possessing power in these terms.⁶⁵

For example, in response to the Arab-Israeli war of October 1973, Qatar had been one of the Arab oil producing states that had initiated the unilateral price rises and the oil embargo and reduction in supply. Writing subsequently, Michael Handel argued that the oil crisis of the early 1970s had resulted in a new breed of states that though militarily weak and underdeveloped in the technological sense were economically strong states with huge financial resources that allowed them to develop their own form of small state power.⁶⁶

But it was Qatar's ambitious project to build its position as a leading global gas exporter from the 1990s onwards that truly established it as an 'issue area' power on the international stage. In fact, between 1995 and 2010 Qatar was a notable

Business Model for a Microstate?, p.85.

⁶⁴ See Robert O. Keohane, 'Lilliputians' Dilemmas: Small States in International Politics', *International Organization*, p.292.

⁶⁵ Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition*, Toronto, Little Brown and Co., 1977.

⁶⁶ Michael I. Handel, *Weak States in the International System*, London and New York, Routledge, 2nd edition, 1990.

example of a country that might have a small population and territory but was economically more powerful and influential on a global scale than most states with larger populations, territories or even economies.

From this base, and even leaving aside at this stage the presence of significant numbers of American military personnel in Qatar in the period under discussion, the country has subsequently challenged the traditional notion of 'national security' as having a very strong military and territorial component.

In the years under examination in this thesis the case of Qatar has demonstrated clearly that to comprehend fully the power potentialities of small states one must go beyond assumptions based exclusively on physical attributes and capabilities.⁶⁷ Qatar's role, particularly in the period since 2001, has challenged the underlying conceit of small state theory that the essence of smallness is either lack of influence on the environment, or high sensitivity to the environment and lack of immunity against influences from it, or both.⁶⁸ At the same time it has also challenged the Realist argument that small states matter little in international affairs because they lack the power to insulate themselves from the insecurity engendered from external threats.

Such realist views of the lack of small state power are not surprising. Realism, in terms of the international relations literature, reflects a set of assumptions about the way relationships are ordered in international affairs. They are based on the belief that the international system is anarchic and exists in a state of constant antagonism and the primary concern of all states is survival.

⁶⁷ H. Hanggi, 'Small State as a third State: Switzerland and Asia-Europe Interregionalism', in L. Goetschel (ed.), *Small States Inside and Outside the European Union: Interests and Policies*, Boston, Kluwer Academic Publishers, pp. 79-95, p.81.

⁶⁸ Hakan Wiberg, 'The Security of Small Nations: Challenges and Defences', *Journal of Peace Research*, Vol. 24, No. 4 (December 1987), pp.339-363, p.339.

They also assume that the nation state is traditionally the central actor in the international system and that states act in order to increase their own security, pursue their own national interests, and are in a constant struggle for power.

Indeed classical realism is primarily concerned with the sources and uses of national power in international politics and the problems that leaders encounter in conducting foreign policy. In these terms small states are viewed to be at a real disadvantage as they constantly look to deal with bilateral ties in terms of a set of cost-benefit assumptions intended to advance their national interests in the security, economic and diplomatic spheres.⁶⁹

This is true but Qatar has also shown in the period under examination in this thesis that in a rapidly changing global economy and security environment, small states can act in a less constrained fashion with greater flexibility, and adopt an innovative and independent approach to outside engagement that challenges traditional notions about size and capabilities.

As Cooper and Momani have noted, it would be ‘difficult’ to explain Qatar’s role in contemporary international relations using traditional thinking as ‘comparative politics, including Middle East political science literature, has often been perplexed by the Qatari case’.⁷⁰

This does not make the existing literature on small states irrelevant or outdated. For example, it remains true, as much of the literature argues, that a small state’s foreign policy is largely reactive—a response to external conditions, such as the

⁶⁹ Sean Kay, *Global Security in the Twenty-First Century: The Quest for Power and the Search for Peace*, Chicago, Rowman & Littlefield 2006, p16.; Jack Donnelly, ‘The Ethics of Realism’, in Christian Reus-Smit, Duncan Snidal (eds.), *The Oxford Handbook of International Relations*, Oxford, Oxford University Press, 2008, p. 150; Steven E. Lobell, Norrin M. Ripsman and Jeffrey W. Taliaferro, *Neoclassical Realism, the State, and Foreign Policy*, Cambridge, Cambridge University Press, 2009, p.16.

⁷⁰ Cooper and Momani, ‘Qatar and Expanded Contours of Small State Diplomacy’, p.125.

degree of great power competition and the demands made upon small states by great power belligerents.

It is also true that the prevailing features of the international system during any given period (the Cold War, the “War on Terror” etc), will have a greater potential impact on small states than on Great Powers. Certainly, small states are more preoccupied with survival than great powers. As such, a small state’s foreign policy will naturally reflect careful attention to the constraints of the international environment.⁷¹

As Rosenau has summed up, for the small state, ‘the environment is a much more important variable than for the great power’. As such, any reasoning about its role should probably start by an identification of the type of international system in which the small state has to operate.⁷² Qatar is not exempt from such realities. As Kemrava has put it, as ‘a small state’ Qatar’s ‘national security needs dictate proactive diplomacy, particularly in light of chronic regional turmoil and instability’.⁷³

But while Qatar, like other small states, lacks, in the words of Robert Jervis, a ‘margin of time and error’ when responding to external exigencies,⁷⁴ its actions over recent years have challenged, at least in part, Maurice East’s argument that small states are primarily reactive if not inactive political entities.⁷⁵

⁷¹ Miriam Fendius Elman, ‘The Foreign Policies of Small States: Challenging Neorealism in its Own Backyard’, p.210.

⁷² James N. Rosenau, *Turbulence in World Politics: A Theory of Change and Continuity*, Princeton, New Jersey, Princeton University Press, 1990.

⁷³ Quoted in Robert F. Worth, ‘Qatar, Playing All Sides, Is a Nonstop Mediator’, *The New York Times*, 9 July 2008.

⁷⁴ Robert Jervis, ‘Cooperation Under the Security Dilemma’, *World Politics*, Vol. 30 (1978), pp. 167-214, pp.172-3.

⁷⁵ M. East, ‘Size and foreign policy behavior: A test for two model’, *Journal of World Politics*, Vol. 25 (1973), pp. 556-576. See also M. East, S. Salmore and C Hermann, *Why Nations Act*, Beverly Hills, Sage, 1978.

In pre-modern tribal politics, leaders either looked to develop an alliance with another tribal group or country that was more powerful than their potential adversaries or they embraced neutrality with those potential adversaries. These two strategies have survived to the present day.

As Peterson has pointed out, small states in the contemporary world must be able to reach a *modus vivendi* with their neighbours. At the same time they generally require a powerful protector against larger neighbors and will often look to exploit a unique niche whereby they can position themselves as providers of a benefit, service or commodity that makes them valuable to their neighbours, region or world.⁷⁶

Small states have traditionally entered into various types of alignment and non-alignment. These have included bilateral alliances with major powers; alliances of two or more small states; membership of a multilateral alliance around one or more major power; non-alignment and neutrality in any war; non-alignment without any generalized commitment to neutrality.⁷⁷

In the case of alignment with a major power, there is always the assumption that the small state can keep more independence by allying with it than by standing aloof, or that the loss of independence *vis a vis* a major power is a worthwhile price to pay for counteracting possible pressures from another one. In this context, as Stephen Walt has hypothesized, small states are more likely to bandwagon with an aggressive great power than balance against it.⁷⁸

Of course, as several authors of works on small states in the international system have noted, small state alliances occur under different conditions and the costs and benefits of entering into and staying outside alliances vary greatly as do the

⁷⁶ J. E. Peterson, 'Qatar and the World: Branding for a Micro-State', p.741.

⁷⁷ Hakan Wiberg, 'The Security of Small Nations: Challenges and Defences', *Journal of Peace Research*, Vol. 24, No. 4 (December 1987), pp.339-363, p.343.

⁷⁸ Stephen M Walt, *The Origins of Alliances*, Ithaca, Cornell University Press, 1987, pp. 21-31.

conditions necessary to enable and allow small states to pursue their own security interests inside an alliance.⁷⁹ Qatar's eagerness to play a role as chairman of the Group of 77 in 2004 and on the UN Security Council in 2006-07, highlighted that it was not averse to maximize the traditional opportunities for a small state to play a lead role in the international system.⁸⁰

However, as shall be seen in the course of this thesis, Qatar's engagement in diplomacy in its home region and beyond in the last decade has also challenged, again in part, such assumptions. Qatari actions in the period covered by this thesis never followed simple alliance structures.⁸¹ Most importantly, Qatar's bilateral strategic relationship with the United States (addressed in subsequent chapters) is a case in point that demands clarification of the above assumptions in the literature. The myriad conflicts and tension in the Arabian Peninsula and Persian Gulf region and the wider Middle East have provided Qatar with more influence and power *vis a vis* larger partners than is necessarily its due under other circumstances.

In 2009, for example, Qatar's Prime Minister and Minister of Foreign Affairs, Hamad bin Jassim bin Jaber bin Muhammad Al Thani, suggested that the international system be 'redefined'. He called for profound changes to its organisational framework in recognition of the emergence of a multi-polar order in which the West was no longer the sole or even the major player.⁸²

Such statements are not in line with traditional thinking about the role of small states (or their leaders) in the international system. A small power, according to Maurice East, is characterized by five main features: (1) has limited interaction with other states; (2) gets involved with great enthusiasm in international organizations; (3)

⁷⁹ Jeanne A.K. Hey, *Small States and Alliances; Small States in World Politics: Explaining Foreign Policy Behaviour*, Boulder, CO., Lynne Rienner Publishers, 2003.

⁸⁰ Cooper and Momani, 'Qatar and Expanded Contours of Small State Diplomacy', p.118.

⁸¹ Ibid., p.113.

⁸² 'Qatari PM Stresses Rule of Law to Face Challenges,' *Gulf Times*, 31 May, 2009.

supports international laws; (4) has a minimum use of force; (5) and finally concentrates its foreign policy on regional matters.⁸³

While points 2 to 5 above do fairly reflect the Qatari experience since independence, between 1995 and 2010 the country has challenged East's analysis in relation to number 1— its interaction with other states.

Moreover, Qatar's role in international affairs for much of the time between 1995 and 2010 has challenged the widely accepted argument in the literature that a small state's foreign policy can ever be 'voluntary'—initiated by the small state itself and centred on its own interests. In these terms, Qatar challenges Keohane's definition of a small state as one 'whose leaders consider that it can never, acting alone or in a small group, make a significant impact on the system'.⁸⁴

As this thesis will show, in the post-9/11 era up to 2010, Qatar was engaged in wide-ranging diplomacy and mediation efforts throughout the Middle East and beyond that did 'make a significant impact on the system'. Namely, it was responsible for building a 'bold new way to engage with the world while maintaining the country's independence', as the *New York Times* termed it.⁸⁵

This included involvement in conflict resolution, conflict prevention and peace talks in Yemen, the Western Sahara and Darfur. Additionally, Qatar was deeply involved in negotiations with Israel, Hamas, Fatah, and Hezbollah. Indeed, as chapter 5 will show, a notable example of this is the case of Lebanon where Qatar, in recent years used its financial power and diplomatic standing in the region and beyond to take the lead in bringing both local and external parties to the negotiating table despite reluctance and suspicion on all sides. While, in 2009 alone Qatar's foreign minister

⁸³ M. East, 'Size and foreign policy behavior: A test for two model', pp. 571. See also M. East, S. Salmore and C Hermann, *Why Nations Act*, Beverly Hills, Sage, 1978.

⁸⁴ Robert O. Keohane, 'Lilliputians' Dilemmas: Small States in International Politics', *International Organisation*, p.296.

⁸⁵ Robert F. Worth, 'Qatar, playing all sides, is a nonstop mediator', *The New York Times*, 9 July 2008.

travelled to Morocco, Libya, Lebanon and Yemen (a country other GCC states have studiously ignored⁸⁶) to mediate disputes.⁸⁷

From a comparative perspective, Qatar's role in mediating conflict has some similarities to that of Norway. Both are small states with access to significant hydrocarbon revenues. Both have been hugely active in engaging in peacemaking. Though, as has been noted, one notable difference is that while Norway has carried out conflict mediation on a global scale, Qatar has limited its conflict mediation to the Middle East and North Africa.⁸⁸

Directly related to this, the Qatari experience challenges Robert Rothstein's argument that a small state is one that 'recognizes that it can not obtain security primarily by use of its own capabilities, and that it must rely fundamentally on the aid of other states, institutions, processes or developments to do so'.⁸⁹ It also challenges Rothstein's critique of small states for their 'vaunted irresponsibility' based on the 'imperatives of immediate security', which may preclude consideration of long-range problems.⁹⁰

As chapters 3, 5 and 6 of this thesis demonstrate, the bilateral relationship with the US in particular has been driven, on the Qatari side at least, by long-term considerations of security and strategy. In particular, Qatar has invested heavily in

⁸⁶ 'Looking up in hope and expectation', *Gulf News*, 28 November 200. In the 2006 UNDP Human Development Index Yemen was ranked 150 out of 177 nations and had a per capita GDP of US\$1000 compared to the GCC average of US\$26,000. Literacy and life expectancy are among the lowest in the world.

⁸⁷ For a theoretical discussion of the role of small states in this field see Tomas Pietak, *Small States as Mediators: The Case Study of Norway's Involvement in Mediating the Oslo Accords*, 2006. See also Hilde Henriksen Waage, 'The "Minnow" and the "Whale": Norway and the United States in the Peace Process in the Middle East', *British Journal of Middle Eastern Studies*, Vol. 34, No. 2 (Aug., 2007), pp. 157-176 and, 'Norway's Role in the Middle East Peace Talks: Between a Strong State and a Weak Belligerent', *Journal of Palestine Studies*, Vol. 34, No. 4 (Summer 2005), pp.6-24.

⁸⁸ Jozef Batora, 'Between Home and Abroad: Norway and Canada', *The Hague Journal of Diplomacy* Vol. 1, No. 1 (2006) pp.53-80.

⁸⁹ Robert L. Rothstein, *Alliances and Small Powers*, p. 29.

⁹⁰ Ibid., p. 27. See also Graham Evans and Geoffrey Newnham, *The Penguin Dictionary of International Relations*, London, Penguin, 1998, pp. 500-501 and Annette Baker Fox, *The Power of Small States: Diplomacy in World War II*, Chicago, University of Chicago Press, 1959, p. 3.

consolidating and expanding this relationship as part of its long-term objective to achieve stability at home and security and influence outside its borders.

Given all this, as noted above it is the contention of this thesis that during the period between 1995 and 2010, Qatar challenged much conventional wisdom in the literature on how small states should act in the international system.

The country's leaders, from Emir Hamad bin Khalifa Al Thani down, consistently refused to accept a worldview put forward by others in the region, that 'we in the GCC states are feeling like helpless bystanders with little room to manoeuvre'.⁹¹ Instead, profoundly opposed to the limiting and negative implications inherent in this outlook, Qatar, between 1995 and 2010, showed itself consistently willing to "put its money where its mouth was" both at home and abroad. The result was a 'ambitious, reform-minded ruling elite',⁹² that transformed the country's domestic, regional and global status in a 'truly dramatic' way⁹³ in little more than a decade and a half.

The great commitment (of time, political capital and financial resources) that Qatar invested between 1995 and 2010 in pursuing what one astute observer has described as 'a 'Scandinavian foreign policy, acting as mediator for the perma-conflicts of Africa and the Mid-East',⁹⁴ won much applause at the time. Speaking on a visit to Qatar in 2010 Finnish President Tarja Halonen praised Qatar for its policy of openness and the 'special international position it enjoys'. In particular, she

⁹¹ Abdullah Alshayji, 'So who is going to blink first', *Gulf News*, 4 July 2010.

⁹² Simon Romero, 'Qatar finds a currency of its own: Natural Gas', *The New York Times*, 22 December 2005.

⁹³ J.E. Peterson, 'Qatar and the World: Branding for a Micro-State', *Middle East Journal*, p.732.

⁹⁴ Ambrose Evans-Pritchard, 'Qatar fashions financial oasis to go toe-to-toe with East and West', *Daily Telegraph*, 22 May 2009.

commended Qatar for having ‘opened avenues of dialogue between the nations of the world, a matter that helps enhancing international cooperation’.⁹⁵

However, this Qatari attempt, in the words of one informed commentator, to maintain a conflicting set of friendships and to move ‘between different worlds...reaching for a political role that is much, much bigger than its regional weight’,⁹⁶ also undoubtedly caused tensions and complicated its relationship with many of its regional and global partners.

Qatar’s success in breaking with the traditionally perceived role and place of the small state in the international system has caused, in the years under study in this thesis and since (most recently in relation to major differences with Egypt, Saudi Arabia and the UAE over support of the Muslim Brotherhood), numerous regional tensions and jealousies.

As this thesis will show, throughout the decade and a half between 1995 and 2010 there were also numerous other occasions that Qatar, through its foreign policy actions and the broadcasts of the Doha based Al-Jazeera news network, led to allegations of interference in the internal affairs of sovereign states. In April 2009, for example, Ethiopia broke relations, saying that Qatar’s support of Eritrea had made it ‘a major source of instability in the Horn of Africa’.⁹⁷ Moreover, the Qatari strategy has also opened it up to international criticism for being an amoral, overly clever ‘political maverick’ ‘with no politics’ and a ‘schizophrenic foreign policy’.⁹⁸

Senior Qatari officials repeatedly rejected such accusations and instead emphasized the apolitical and altruistic motives driving their involvement in the years

⁹⁵ ‘Finnish leader lauds Qatar’s openness’, *Gulf Times*, 3 June 2010.

⁹⁶ See interview with Youssef Michel Ibrahim, ‘Persian Gulf Nations’ Bulging Coffers Bring “Wrenching Transformation”, *Council on Foreign Relations*, 4 June 2008, p.1-2.

⁹⁷ Robert F. Worth, ‘Qatar, playing all sides, is a nonstop mediator’, *The New York Times*, 9 July 2008.

⁹⁸ ‘Warren Hoge, ‘UN Expects to Mediate Talks on Captured Israelis’, *The New York Times*, 5 September 2006; Steven A. Cook, ‘A Country with No Politics’, *The Weekly Standard*, 22 November 2004.

between 1995 and 2010. ‘We are a peaceful country and we want to see peace in the area’, Emir Hamad bin Khalifa Al Thani explained in a 1997 interview.⁹⁹

In another interview more than a decade later he made the same point: ‘our policy is to be friendly with everybody ... We are looking for peace’.¹⁰⁰ A view reiterated by foreign minister Hamad bin Jassim bin Jaber bin Muhammad Al Thani, when admitted in 2008 that ‘good relations with everyone’¹⁰¹ was the cornerstone of Qatari policy.

But Qatar’s foreign policy in the period under question was about much more than ‘a delicate attempt to try to get along with everyone at the same time’.¹⁰² Nor was it the result of, as one commentator put it, ‘Money, hotel space and connections’.¹⁰³ Indeed, the country’s international involvement, notably its ‘readiness to step outside the Arab mainstream on a number of contentious issues’,¹⁰⁴ was an innovative and an unorthodox strategy that enabled this small state to consolidate its autonomy of action; protect its interests; increase its global profile; and go some way to neutralizing the pressures and instabilities that come from being located in a volatile region.

In the years before World War I, so the story goes, new recruits into the British Foreign Office were instructed to learn the following dictum: ‘All actions have consequences, all consequences are unpredictable, therefore take no actions’. As this thesis will show, Qatar’s leadership between 1995 and 2010 rejected such an approach as a basis for its domestic development and international engagement.

⁹⁹ ‘Qatar leader chides US over Gulf’, *Reuters News Agency*, 12 June 1997.

¹⁰⁰ Roula Khalaf & Martin Dicks, ‘Qatar: Emir on a mission’, *The Financial Times*, 24 October 2010.

¹⁰¹ Robert F. Worth, ‘Qatar, playing all sides, is a nonstop mediator’, *The New York Times*, 9 July 2008.

¹⁰² Hugh Miles, ‘Al-Jazeera boss steps down: strains with Qatar royals?’, *BBC NEWS*, 1 October 2011.

¹⁰³ Elizabeth Dickinson, ‘Qatar builds a brand as mediator’, *Christian Science Monitor*, 28 March 2012.

¹⁰⁴ Economist Intelligence Unit, *Country Report, Qatar, 2003*, London, 2004.

In doing so the country demonstrated a valuable lesson – a small state, even one located in a highly unstable regional setting and a rapidly changing global economy, can make traditional notions about size and capabilities irrelevant if it has the resources to do so and is willing to approach the challenges it faces in a flexible, ambitious and innovative manner.

Chapter 1:

‘The Time is Now’: Re-Defining the Place of Qatar in the Contemporary World

‘[A small state’s] perception of its size is very subjective and differs greatly from the perception of other external parties’. A.H. Henrikson.¹⁰⁵

On 2 December 2010, the Fédération Internationale de Football Association (FIFA), the governing body of world football, awarded the 2022 World Cup, the world’s most watched sporting competition, to Qatar. This decision saw Qatar become the smallest country to both bid for and be chosen to host the tournament, as well as the first Muslim and Middle Eastern country to stage the event.

‘Expect Amazing’ was Qatar’s slogan for its World Cup bid and this ‘sporting miracle’ and ‘mammoth upset’ that ‘had made the seemingly impossible, possible’,¹⁰⁶ was all the more impressive because, in winning the FIFA vote, Qatar led the way in every round of balloting to beat bids from Australia, South Korea, Japan and the United States (US).

The final decision was a particular blow to the hopes of the US delegation, which lost the final round of voting to Qatar by 14 votes to 8. The US bid for the 2022 event had long been viewed as the overwhelming favourite and the result meant that the US will now have to wait until at least 2026 until it is eligible to be awarded the men’s tournament. By selecting Qatar, FIFA also precluded a 2026 bid from China, the world’s other superpower, since the same continent cannot host consecutive

¹⁰⁵ A.H. Henrikson, ‘A coming ‘Magesian age? Small states, the global system, and the international community, *Geopolitics*, Vol. 6 (2001), pp.49-86, p.62-63.

¹⁰⁶ Matthias Krug, ‘World Cup Miracle’, *BBCNEWS*, 2 December 2010; ‘Qatar’s World Cup Upset, by the numbers’, *Wall Street Journal*, 2 December 2010; James Montagu, ‘Qatar: From Obscure Desert Kingdom to World Cup Host’, *CNN.com*, 3 December 2010.

World Cups.¹⁰⁷

Many commentators explained the Qatari victory primarily in terms of the amount of money spent on the bid, which exceeded the total two-year bid budget for all of their rivals except Australia, which spent £28 million on its campaign.¹⁰⁸

Others went further and accused Qatar of using bribery to win the World Cup especially after a private email sent by FIFA general secretary Jerome Valcke, that claimed the 2022 event had been ‘bought’, was leaked to the press. Despite, Valcke subsequently clarifying his email arguing that he was simply referring to the financial power that Qatar had brought to lobbying for the right to host the World Cup when he used the term ‘bought’,¹⁰⁹ subsequent allegations and investigations continued to keep the issue in the international headlines.

Undoubtedly, Qatar did draw on the country’s vast hydrocarbon earnings to make its case and win support across Latin America, Asia, Europe and Africa. Looking beyond the media headlines Coates Ulrichsen has placed the financial aspect of the bid in its proper context. The Qatari victory was not, he has argued, simply a function of financial largesse. Rather the Qatari leadership ‘worked the political mechanics of vote-winning better than rival bidders in order to secure the support of enough of the 24 voting members on the FIFA Executive’.¹¹⁰

Others were sceptical of the awarding of the World Cup to Qatar for reasons that had nothing to do with money. As one media outlet put it, Qatar may have won

¹⁰⁷ ‘FIFA picks Qatar over USA for 2022 World Cup’, *USA Today*, 2 December 2010.

¹⁰⁸ ‘World Cup 2022: revealed the extraordinary campaign that brought World Cup to Qatar’, *The Daily Telegraph*, 16 January 2011. Japan had a bid budget of £6.3 million and South Korea’s package was £7.5 million. The USA did not publish its budget, but the figure has been estimated at £9.4 million, plus private donations.

¹⁰⁹ ‘Scandal spreads to 2022 World Cup bid’, *Associated Press*, 30 May 2011. See also Martyn Ziegler, ‘New FIFA Bribe Allegations over Qatar World Cup’, *Independent*, 10 May 2011.

¹¹⁰ Kristian Coates Ulrichsen, ‘Small States with a Big Role: Qatar and the United Arab Emirates in the Wake of the Arab Spring’, p.11-12.

over FIFA but it faced an ‘even harder task: Convincing skeptical fans who fear the desert nation will hold a sweltering, boring and alcohol-free tournament’.¹¹¹

Subsequent discussions over the summertime heat and the freedom of fans to drink alcohol in their locations of choice, as well as the working conditions of the army of foreign labourers brought in to build the facilities for the tournament have continued to cause controversy as Qatar steps up its preparation for the event.

At the same time, there has also been widespread agreement that the meticulously planned, highly ambitious and innovative bid for the World Cup represented a culmination of Qatari efforts at home and abroad over the previous decade and a half. In these terms, winning the World Cup bid was a significant boost to Qatar’s regional and international standing.

It consolidated the country’s position as a leading global player inside the Gulf Cooperation Council (GCC) and it increased Qatar’s attractiveness as a destination for sports, business, tourism and foreign direct investment (FDI). It also validated Qatar’s efforts to use sports as a pillar of its soft power along the lines addressed in the introduction.

Some went further. Former US president Bill Clinton, a member of the US bid delegation in Zurich, was gracious in defeat, telling an audience in New York that the ‘FIFA people were in a mood to give it to people who didn’t have it. I think they wanted to make soccer a world sport...they wanted to say, here’s a good non-terrorist, non-bigoted way of embrace—no really, I’m not trivializing this—a way to embrace the modernization attempt of the Middle East’.¹¹²

Clinton’s post-vote analysis was similar to those offered by senior Qatari figures closely involved in the bid process. Prior to the FIFA decision, Qatar’s then

¹¹¹ ‘Qatar must now win over skeptical fans’, *Sky News*, 4 Dec 2010.

¹¹² ‘Bill Clinton on why Qatar Got the World Cup’, *Wall Street Journal*, 3 December 2010.

first lady Sheikha Mozah bint Nasser Al Missned emphasised this aspect. ‘Just think’, she urged ‘what we can achieve together on behalf of our shared values’, as she argued that a vote for Qatar would send ‘out a message that after 92 years of waiting we are fully part of the global football family... When is the right time to bring the World Cup to the Middle East? The time is now’.¹¹³

The Qatari bid-team’s thirty-minute presentation in Zurich immediately prior to the vote also directly addressed this issue by explaining how the tournament could unify a region ravaged by conflict. While, in the immediate wake of the decision, the Qatar bid chair Mohammed bin Hamad bin Khalifa Al Thani made much the same point when he thanked the voting committee and the global audience of football fans ‘On behalf of millions of people living in the Middle East’, and praised the FIFA executive committee ‘for believing in us, thank you for having such bold vision ... Thank you also for acknowledging this is the right time for the Middle East. We have a date with history, which is summer 2022’.¹¹⁴

The decision by FIFA to award Qatar the 2022 World Cup was certainly momentous on many levels for what it promised in the future in terms of the tournament going to a Muslim and Middle Eastern nation for the first time. It meant that the world’s number one global sporting event would take place in a country that inhabits a region where the potential for large-scale regional war between now and 2022 is far from theoretical.¹¹⁵

Apart from emphasizing the opportunities for contributing to peace and stability in the region, the bid also drew attention to the positive social impact of granting the event to Qatar. It promised to create leadership roles for, and further

¹¹³ James Montagu, ‘Qatar: From Obscure Desert Kingdom to World Cup Host’, *CNN*, 3 December 2010.

¹¹⁴ ‘Qatar Wins World Cup: Qatar? Really?’, *CBSNews*, 2 December 2010.

¹¹⁵ Thomas P.M. Barnett, ‘The New Rules: Qatar World Cup a Return on Investment’, *World Politics Review*, 13 December 2010.

contribute to the empowerment of, women in the region both in sport and wider society by launching a women's football league and establishing a series of Non-Governmental Organisations (NGOs) to support soccer clubs for underprivileged youth. Directly related to this, the bid document and presentation also promised that a Qatar World Cup would open up the Arab Middle East's huge, and as yet untapped, youthful commercial market. It is estimated that by 2022 nearly 50 percent of the Middle East's 700 million inhabitants will be children and young adults.¹¹⁶

Not surprisingly, FIFA president Joseph "Sepp" Blatter welcomed the possibilities that a World Cup in the Middle East offered in terms of marketing football. 'We need to expand', Blatter argued, 'we need to include people in the football family that have not been included before'.¹¹⁷ Thus Blatter presented the FIFA decision to choose a Muslim and Middle Eastern nation for the first time as enabling football to go to 'new lands'.¹¹⁸

Despite never having qualified for a previous World Cup, Qatar did have a track record over the previous decade of hosting and investing in football. In its efforts to develop its status as a football power on the world stage, Qatar built the 45,000-seat Khalifa Stadium, which has hosted international exhibition and competitive matches, including a clash between the leading teams of Brazil and Argentina. The Qatari Football Association also looked to tempt some of the biggest names in the sport into Qatar's domestic professional league (previously known as the Q-League, prior to being rebranded as the Qatar Stars League). These have included

¹¹⁶ 2022 FIFA World Cup: Bid Evaluation Report: Qatar,

<http://www.fifa.com/mm/document/tournament/competition/01/33/74/56/b9qate.pdf>

¹¹⁷ Matthew Futterman and Jonathan Clegg, 'World Cup Headed to Russia and Qatar', *Wall Street Journal*, 3 December 2010.

¹¹⁸ Jonathan Clegg and Matthew Futterman, 'FIFA Breaks New Ground', *Wall Street Journal*, 2 December 2010.

Marcel Desailly, a member of France's world cup winning team, and the former Argentina striker Gabriel Batistuta.

Even more importantly, in terms of influencing the FIFA executive committee's decision, was the fact that in 2004 Qatar established the Aspire Sports Academy, which identifies and trains young soccer players from all over the developing world, notably Africa. It also launched the Excellence programme, a government-backed project that runs football development schemes in 10 African nations and in Asia, as well as an academy in Doha.

Most of the other World Cup bids competing with Qatar promised FIFA that they would use the World Cup to aid world football development, but in the Aspire and Excellence programmes, Qatar could already point to a long-established, thriving programme in the developing world.

By 2010 Qatar could also boast a track record in other international sporting events apart from football as a part of its strategy of attracting visitors and raising its profile internationally. Most notably, Qatar hosted the fifteenth Asian games in 2006 and, prior to World Cup bid, made an unsuccessful bid for the 2016 Olympics. Qatar also hosts the annual Qatar Masters that has established itself as part of the PGA European Golf Tour; while the Qatar Open and WTA Championships are now two of the biggest events on the tennis calendar. In 2010, the year that this study ends, Qatar successfully organized and hosted no less than 24 major sports events.

Qatar also promised to spend up to US\$57 billion on various infrastructural projects prior to the start of the World Cup. Most notably, the bid emphasised the provision of environmentally friendly public transport facilities, free of charge for match ticket holders, based on short transfers between the stadia, hotels and other facilities in the greater Doha area. This is part of a plan to invest US\$24 billion in

transport infrastructure, including high-speed rail lines to Bahrain and Saudi Arabia and the construction of a 340-kilometre public transport network serving Doha and its environs.

The proposals are based on the Transport Master Plan adopted in 2006 to support Qatar's unsuccessful bid for the 2016 Olympic Games. In November 2009, a US\$25 billion contract was signed to design and build Doha's metro and suburban rail network. The metro network will eventually have four lines with 98 stations, with Phase I covering the 30 kilometre Red Line from Lusail to New Doha International Airport, the US\$13 billion airport opened in 2011.¹¹⁹ Seventy percent of the planned rail network should be operational by 2020.

Qatar also plans to invest US\$4 billion to build nine stadiums and renovate three others in time for the World Cup. These twelve venues will be concentrated within a 60 kilometre radius of Doha and will be served by the new rail networks. The new stadia will underline the mix of infrastructural investment and cutting edge technology that has defined Qatar's recent development.

Notably, all the primary components of the Sports City Stadium— its roof, its seats, even its field— will be retractable. The roof, which will open and close in 15 to 20 minutes, can also claim a design feature that sets it apart from others: It will be large enough to hold people *within* it, thus adding to the 47,560-seat occupancy of the stadium, which can be adjusted downward for concerts, exhibitions, and other non-soccer events.¹²⁰

¹¹⁹ 'Urban rail network to underpin Qatar World Cup', *Railway Gazette International*, 9 December 2010.

¹²⁰ EC Harris Research, 'The 2022 World Cup Provides Qatar with an Investment Legacy for the Future', Spotlight on Qatar, Summer 2012, http://www.echarris.com/pdf/8293_international%20focus%20on%20qatar%20v3.pdf

Another revolutionary element of the Qatari bid is the cooling system that is being developed in order to address the challenge of summer-time heat that can reach the mid-40s Celsius. The plan is to develop a cooling technology that will use solar power to provide zero-carbon air conditioning to cool outdoor stadiums for both players and spectators. The solar energy will be converted into electricity that will then be used to cool the stadiums. This will then reduce the temperature by as much as 20 degrees Celsius compared to the summer average by keeping the stadium and the pitch at a constant temperature of 27 Celsius.

When the venue needs to use its cooling system, the hot water will run through an absorption unit that will chill the water and send it into another tank which will pump cool air at the ankle and neck level in each row of seats.¹²¹ During matches, the stadia will draw energy from the grid and at the same time an off-site solar farm will transfer energy to a city grid. Solar collectors will use the sun's power to heat up water, which will then be transported to an on-site water storage tank, which will keep the water's high temperature.

When games are not taking place, the solar installations at the stadia will collect and export energy onto the power grid. This is the basis for the Qatari promise that its World Cup will be a carbon-neutral event and that every venue will take part in a countrywide zero-carbon-emissions plan.¹²² The bid also promised that on conclusion of the competition the stadiums built for the tournament would be dismantled and donated to countries in the developing world where they would be rebuilt.

¹²¹ 'Qatar World Cup Stadiums Promise Eco-Friendly Soccer Utopia', *Wired.com*, 6 December 2010, <http://www.wired.com/playbook/2010/12/gallery-qatar-stadiums/>

¹²² 'GOOD Design Daily: Qatar's World Cup 2022 Stadiums', <http://www.good.is/post/good-design-daily-qatar-s-world-cup-2022-stadium/>

All these plans gained much positive comment following their announcement and initiation: ‘Qatar: Eco-Friendly Soccer Utopia’ was how *Wired* magazine put it. ‘Qatar’s World Cup Win is Win for Technology’, ran another headline. *Design Daily* ran a large spread on the technology being used in building the Qatari World Cup Stadia.¹²³ While another expert predicted that the World Cup in Doha in 2022 would be a ‘month long lab in sustainability, clean energy, and green technology’¹²⁴ – in other words, a giant advert for the kind of socio-economic development that Qatar as a country has been very keen to be associated with on the world stage since 1995.

That FIFA voted for Qatar despite all the controversy and risk attached to the bid signalled clearly the international community’s faith in what Qatar promises to achieve in coming years, something that was symbolised by the victory over the US in the final round. Not only had Qatar defeated the only global military superpower, and its long-time strategic partner, but it had outbid an economic giant (Qatar’s GDP in 2008 was less than 1 percent of the size of US GDP) and the world’s leading knowledge economy, by promising to do what it had done so often in the period between 1995 and 2010—use its hydrocarbon earnings to push the limits of infrastructural design and environmentally-friendly technology as a springboard for projecting Qatar’s stature on the global stage.¹²⁵

Central to being able to do this was Qatar’s rising status as a world-leading exporter of natural gas since 1995. As the doyen of energy commentators Daniel Yergin has noted, the rising importance of natural gas has brought ‘new opportunities

¹²³ ‘Qatar’s World Cup Win is Win for Technology’, *Crunch Gear*, 2 December 2010 <http://www.crunchgear.com/2010/12/02/qatars-world-cup-2022-win-is-a-win-for-technology/>; ‘GOOD Design Daily: Qatar’s World Cup 2022 Stadiums’, <http://www.good.is/post/good-design-daily-qatar-s-world-cup-2022-stadium/>.

¹²⁴ Leon Kaye, ‘Qatar’s 2022 World Cup, Football and Sustainability’, *Greengopost.com*, 12 June 2012.

¹²⁵ In the cultural field this was seen clearly Qatar’s Islamic Museum designed by Chinese-American architect I.M. Pei; the photography museum designed by Santiago Calatrava of Spain; and its national library designed by Japanese architect Arata Isozaki,

and risks, new interdependencies and geopolitical alignments'.¹²⁶

Nowhere was this more evident than in the case of Qatar. Qatar established itself 'a game changer' in the gas market during the decade and a half between 1995 and 2010.¹²⁷ Traditionally there was a much more limited market for gas than oil but in the course of recent decades the benefits of gas became very clear. There exists huge deposits of gas and it is also the cleanest burning fossil fuel, producing little pollution and less carbon dioxide emissions—the key greenhouse gas—than either coal or oil.

When natural gas is refrigerated down to temperatures of minus 260 degrees Fahrenheit it contracts into liquid, which can be transported by tanker. On arrival at its destination the liquefied gas is restored to its original state in a re-gasification terminal. Traditionally the whole process has been costly, but it is very effective—methane is 600 times less voluminous as a liquid than as a gas—and it allows a large amount of energy to be packed into a single cargo as one shipment holds the equivalent of five percent of the gas consumed in the US on an average day.¹²⁸

Qatar's North Field¹²⁹ was discovered by Dutch Shell in 1971 but long considered of little value because it had no oil and its natural gas was difficult to transport. But by aggressively seizing on new ways of commercializing its natural gas resources, Qatar succeeded in turning the North Field into what is now widely considered to be the second largest petroleum deposit in the world after the Ghawar oil field in Saudi Arabia. In the process, by being at the forefront of a shift away from

¹²⁶ Daniel Yergin and Michael Stoppard, 'The Next Prize', *Foreign Affairs*, Vol. 82, (2003), pp.103-114, p.103.

¹²⁷ John Deferios, 'Qatar, the 77 million ton giant', *CNN*, 16 December 2010.

¹²⁸ Yergin and Michael Stoppard, 'The Next Prize', *Foreign Affairs*, p.107.

¹²⁹ Nearly all of Qatar's reserves are in the country's North Field, which is part of the world's largest natural gas deposit. Iran's South Pars and Qatar's North Field together comprise the entire deposit.

crude oil to natural gas, Qatar became a key player in a world that has more gas than oil.

Qatar's natural gas reserves amount to 900 trillion cubic feet, equivalent to 15 percent of the proven gas reserves in the world and the world's third largest after Russia and Iran. In comparison the five other members of the Gulf Cooperation Council (GCC) can only claim 7 percent of the proven gas reserves between them.

The extent of the gas supply-demand imbalance in the Gulf region has made it necessary that the countries of the GCC, with the exception of Qatar, consider importing gas to meet rapidly rising demand.¹³⁰ Indeed, by the early 2000s Qatar was providing low-cost gas supplies to Bahrain, to spur its industrialization; to Kuwait, to help fuel its power generation and desalination plants; and to Dubai to fuel its energy-intensive industries.¹³¹

From the late 1990s, Qatar also succeeded in attracting the largest gas projects internationally and dwarfed both the scale and number of similar projects being developed by competitors such as Indonesia, Algeria, Australia, Iran and Egypt.

This success was the reward for the bold vision and unprecedented risk taken by Qatar's leadership from the mid-1990s to develop its massive reserves and establish itself as a leading gas exporter. As recently as 2003, Liquid Natural Gas (LNG) accounted for less than 5 percent of the gas dealt on global markets. Despite this, between 2003 and 2009, Qatar invested over US\$40 billion in order to quadruple its LNG export capacity.

In 2004, Qatar's then industry and energy minister, Abdullah bin Hamad Al Attiyah, was confident that 'we will be the first country in the world to sell LNG to all

¹³⁰ Raed Kombargi, Otto Waterlander, George Sarraf and Asheesh Sastry, *Gas Shortage in the GCC, How to Bridge the Gap*, Abu Dhabi, Booz&Co, 2013, pp.20, p.4.

¹³¹ John Duke Anthony, 'Qatar's Heightened Role', *GulfWire Perspectives*, 27 October 2002; Kohei Hashimoto, Jareer Ellass and Stacy Eller, *Liquefied Natural Gas from Qatar: The Qatargas Project*, December 2004.

three regions – US, Europe and Asia’ and that Qatar would also top the ranks in sales of gas to liquids (GTL) by 2011, becoming the world’s largest exporter of LNG in the process.¹³²

Qatar expanded its yearly LNG output from 4.5 million tons annually in 2002 to 77million tonnes in 2010, in turn becoming the world’s largest exporter of LNG over Malaysia and Indonesia and serving 23 countries.¹³³ It met its goal a year ahead of schedule in December 2010.¹³⁴

This milestone was reached the same month as Qatar won the right to host the World Cup in 2022. It was marked by a celebration at the Qatari industrial city of Ras Laffa attended by the chief executives of all the major energy corporations including Exxon Mobil, Royal Dutch Shell and ConocoPhillips.

None of those attending underestimated this impressive achievement or were ignorant of just how far Qatar had come as a gas power considering that it was only in 1977 that the United Arab Emirates (UAE) became the first Gulf state to export LNG.

Moreover, Qatar’s aggressive investment and development strategy from the mid-1990s onwards meant that while other GCC states began to import gas (notably, the UAE and Dubai from Qatar in 2006 and 2009 respectively and Kuwait from Russia in 2009) Qatar is likely to be the only GCC state that will not have to consider importing gas to meet rapidly rising demand in the foreseeable future.¹³⁵

Central to the Qatari success in meeting its goal of becoming the leading producer and exporter of LNG was an early realisation that such ambitious targets

¹³² ‘Qatar seeks to become top exporter’, *Reuters News Agency*, 28 September 2004. Gas-to-liquid provides an alternative to oil as a transportation fuel by transforming natural gas into liquid diesel that can be transported and sold using existing tankers, refineries and gas stations. Qatar has developed a flexible production and transportation system and a fleet of 54 super tankers to export its gas.

¹³³ ‘Doha continues to shine’, *Middle East Economic Digest*, 30 October, 2009.

¹³⁴ Pratap John, ‘Qatar Energy Milestones’, *Gulf Times*, 19 January 2011.

¹³⁵ *Gas Shortage in the GCC: How to Bridge the Gap*, Booz & Company, 2010. In 2003 the UAE decided to import gas from Qatar’s North field for 25 years from 2006, in a US\$3.6 billion deal

could only be achieved through cooperation with external partners. Despite the fact that there has rarely been consensus within the GCC with respect to foreign investment in oil and gas,¹³⁶ Qatar long embraced a policy of welcoming oil majors through production and sharing agreements. This has brought in significant investment, which is important as the cost of LNG projects is high—unlike oil it can be very difficult and expensive to ship across the world—and on average run from US\$3 billion-US\$10 billion for a single project.

As one senior Ministry of Industry and Energy figure explained in 2009, ‘In Qatar, we believe that a “global partnership” is the key’ in all aspects of the energy sector.¹³⁷ But Qatar’s success was also been predicated on a willingness to abandon overly ambitious or financially unfeasible flagship projects despite the negative publicity that such decisions entail.

For example, in 2006 Qatar placed a moratorium on new gas projects due to an escalation in costs; while the following year, Qatar’s state run oil and gas company agreed, along with its partner Exxon Mobil, to abandon one of its biggest investments ever, a project to produce clean-burning diesel from natural gas. Instead both decided to focus on a new gas drilling project in the Barzan field, expected to produce 1.5 billion cubic feet of gas a day and upwards from 2012.¹³⁸

Qatar not only looked to attract the major global energy players to work with them in sharing the cost of production and distribution of its gas reserves. As it hopes to show the world during its World Cup of 2022 it has also looked to tie these

¹³⁶ ‘Free trade with EU entails endless conditions’, *Gulf News*, 26 January 2008. Kuwait, for example, has long put off a decision on allowing foreign participation in oil field development, with the Kuwaiti parliament opposed to any investment plan that would open the country’s hydrocarbon resources to foreign ownership.

¹³⁷ ‘Joint efforts needed for energy security’, *Gulf Times*, 19 November 2009.

¹³⁸ Clifford Krauss, ‘Exxon to Abandon a Big Investment in Qatar’, *The New York Times*, 21 February 2007.

companies into the Qatari goal of becoming a cutting edge player in “green” technology, research and development (R&D) and innovation.

ConocoPhillips, ExxonMobil, Shell and Total all established research and training centres at Qatar Science and Technology Park (QSTP), launched in 2009 and known as Technology City.¹³⁹ The mandate of QSTP is to provide facilities, commercialisation support programmes, capital repatriation and tax incentives for international companies to develop new technologies in partnership with the City’s universities, and as an incubator for start-up ventures. As a Total spokesman has explained Technology City has contributed significantly to the perception of Qatar as a cutting edge player, committed to ‘pushing the boundaries of technology’.¹⁴⁰

Indeed, as a leading Qatari businessman Sheikh Abul Aziz al Thani has emphasised, the importance of setting up Technology city is that it ‘shows our country has a vision about the kind of development it wants to pursue’.¹⁴¹ The same is true for the US\$2.6 billion Energy City, first mooted as an idea in 2006. It is the region’s first integrated business hub dedicated to the hydrocarbon industry providing a single point of access to markets and expertise, in what is planned to be a hub for global players across all sectors of the hydrocarbon industry that have an interest in the Middle East.

The project was fully backed by the government of Qatar and has led the way in hydrocarbon above ground resource development.¹⁴² This project has been credited with placing Qatar at the forefront of building what has been called the ‘Silicon Valley of alternative energy’.¹⁴³ This has been very much in line with the aspirations

¹³⁹ See Qatar Park of Science and Technology: What We Do, <http://www.qf.org.qa/output/page83.asp>

¹⁴⁰ Barbara Bibbo, ‘Total to set up research unit in Qatar’, *Gulf News*, 16 July 2005.

¹⁴¹ ‘FTA will boost investment flows between EU and GCC’, *Gulf News*, 4 November 2006.

¹⁴² See ‘Welcome to Energy City’, <http://www.energycity.com/qatar/home.html>

¹⁴³ Elizabeth Rosenthal, ‘Gulf Oil States Seeking a Lead in Clean Energy’, *The New York Times*, 13 January 2009.

and hopes of Qatari leaders. As Abdullah bin Hamad Al Attiyah has explained, the plan was always been to make Qatar ‘the capital of the world for this new age of fuels’.¹⁴⁴

Qatar Science and Technology Park and Energy City, as well as the Sidra Medical and Research Centre, a centre of excellence for biomedical research, are other important reminders of the fact that in the decade and a half between 1995 and 2010 Qatar succeeded in developing its infrastructure so sufficiently that it could attract global leaders in numerous sectors—in areas ranging from energy (Exxon Mobil) to finance (JP Morgan), to hi-technology (Microsoft and Cisco Systems), to technology innovation (the European Aeronautic Defence and Space Company).

This in turn helped to develop Qatar’s research capacity from a very low base in a short space of time notably in the areas of water, food and energy, which are not only considered important to the future of Qatar but which are key global policy priorities.

The objectives in attracting such leading private sector firms to these parks is not only to develop research in vitally important areas but also to ensure that appropriate research is brought to market. They are also intended to support the vigorous programme of “Qatarization”, under which all joint venture industries and government departments strive to move Qatari nationals into positions of greater authority in the workplace.

One indication of the success of this has been the growing numbers of foreign-educated Qataris, including many educated in the US and Europe, who have returned home to assume key positions formerly occupied by expatriates. This follows the

¹⁴⁴ Simon Romero, ‘A New old way to make diesel’, *The New York Times*, 18 January 2006. Attiyah was Qatari minister for energy between 1992 and 2011, when he relinquished his post and became chairman of the Emir’s court. See ‘Qatari Energy Minister Replaced’, *Wall Street Journal*, 11 January 2011.

experience of other small states—such as Israel and Ireland—whose focus on developing the knowledge economy during the 1990s resulted in a similar inflow of highly-qualified and high-achieving nationals previously working overseas.¹⁴⁵

All this required dramatic increases in spending and investment in the education and research and development (R&D) sectors between 1995 and 2010. By the end of this period Qatar led the way (followed by Saudi Arabia and the UAE) in GCC investment in education and R&D. In 2008, for example, Qatar invested QR19bn (£3.45bn), 21 percent of the state's total budget on education and R&D. This compares favourably with the QR418m invested in the same areas in 2003 and clearly underlines the long-term, focused, strategy of development that existed for much of the period under analysis in this thesis.

During this time period, the government also established national research agencies to address major gaps in the provision of funding. It also looked to promote, through financial support, collaboration with the Qatar National Research Fund (QNRF). This frequently involved (and continues to involve) joint projects with local organisations in order to support the development of an indigenous research culture.

It puts special emphasis on funding collaboration between researchers in Qatar, and their international colleagues. QNRF was founded in 2006 with the aim of contributing to the development of Qatar as a knowledge-based economy. From the outset it aimed to advance knowledge and education by supporting original, competitively selected research. Its mandate was clear. Successful research

¹⁴⁵ See, for example, Dan Breznitz, *Innovation and the State: Political Choice and Strategies for Growth in Israel, Taiwan and Ireland*, New Haven, Yale University Press, 2007; David McWilliams, *The Generation Game*, Dublin, Gill and Macmillan, 2008; Greg Myre, 'Amid Political Upheaval, Israeli Economy Stays Healthy', *The New York Times*, December 31, 2006; Micheál Martin, 'The flourishing Irish entrepreneurs', *Irish Times*, May 26 2006.

applications should result in the accumulation of human capital or a sustainable research capability in Qatar; answer research questions of vital interest to Qatar; and provide positive recognition of Qatar due to the regional or global significance of the research.¹⁴⁶

Research capacity building in Qatar is the responsibility of the Qatar Foundation for Education, Science and Community Development (QF). One of the earliest ventures established by the new Emir on taking power in 1995, from the outset it was envisaged as a vehicle to convert the country's hydrocarbon wealth into sustainable human capital by establishing state-of-the-art facilities and a world leading collaborative environment.

As chapter 2 will show, Qatari strategy from this time onwards also looked to involve the development of a completely new third level education infrastructure. The scale of Qatar's ambitions to become a key regional and even global education centre has also been underlined by its launch of a biennial World Innovation Summit for Education which brings opinion leaders, policy makers and leading thinkers in the field of education from around the world to Doha. The aim of this summit is to find new ways to address educational challenges by driving innovation through anticipating future trends and the exchange of experiences and "success stories".

Qatar's achievements in gaining investment in R&D, especially by the private sector, and in promoting collaboration in research between universities and industry, as well as the protection of intellectual property have been acknowledged internationally. The Global Competitiveness Report for 2008-09 prepared by the World Economic Forum measured the degree to which a supportive environment was found in 134 participating countries. Qatar ranked top of all GCC states in 5 of the 8

¹⁴⁶ 'Research Matters', Qatar National Research Fund <http://www.qnrf.org/>.

categories. It came 25th in university-industry collaboration compared to Bahrain (101); Kuwait (73); Saudi Arabia (37) and UAE (58). Qatar also led the GCC states in company spending on R&D coming 35th overall—compared to Saudi Arabia (43); UAE (50); Bahrain (82); and Kuwait (93).

In the category of Quality of Scientific Research Institutions, Qatar ranked at number 30. This compared to Saudi Arabia (47); Kuwait (54); the UAE (74); and Bahrain (100). Qatar ranked 9th in the category of government procurement of advanced technology products, compared to Bahrain (27); Saudi Arabia (34); the UAE (46); and Kuwait (98). While in the key category of overall innovation, Qatar was ranked 29th, compared to Saudi Arabia (34); the UAE (46); Kuwait (71); and Bahrain (75).¹⁴⁷

All this underlines one key point: reinvesting massive surpluses generated by oil and gas revenues in a way that supports the long-term prospects of the country was a central priority for government of Qatar between 1995 and 2010. One of the primary vehicles for achieving this both domestically and externally has been the Qatar Investment Authority (QIA). Established in 2004 as part of the strategy of economic diversification, the QIA serves as the kingdom of Qatar's Sovereign Wealth Fund (SWF).

A Sovereign-Wealth Fund is a state-owned investment fund composed of financial assets such as stocks, bonds, real estate, or other financial instruments funded by foreign exchange assets. These assets can include balance of payments surpluses, official foreign currency operations, the proceeds of privatizations, fiscal surpluses, and/or receipts resulting from commodity exports.¹⁴⁸

¹⁴⁷ See 'Arab Competitiveness Report', World Economic Forum, 2009, <http://www.weforum.org/documents/GCR0809/index.html>

¹⁴⁸ The definition of a sovereign wealth fund excludes, among other things, foreign currency reserve assets held by monetary authorities for the traditional balance of payments or monetary policy purposes,

Qatar's SWF was one of more than twenty similar entities founded globally between 2003 and 2008 in response to rising commodity prices, especially in oil and gas. In 2007 it was estimated that SWFs had a US\$4 trillion cache of petrodollar investments around the world.¹⁴⁹ In the same year Cambridge Energy Research Associates estimated that member states of the Organisation of Petroleum Exporting Countries (OPEC) earned US\$700 billion from energy exports, up from US\$243 billion in 2000 and had to place collectively over US\$5 billion a week from energy revenues.

The QIA has a mandate to invest in a diverse range of assets classes to make money for the Qatari people.¹⁵⁰ Since its establishment, the QIA looked to use some of Qatar's commodity surplus of wealth, which comes primarily from its exports of LNG, to curtail reliance on energy price volatility by diversifying into new asset classes globally.

According to its constitutive instrument, the QIA's objectives are to develop, invest, and manage the state reserve funds and other property assigned to it by the Government via the Supreme Council of Economic Affairs and Investments. As such, the government, through this fund, is ultimately the main investor and guarantor of the stability of the economy. The establishment of QIA is a reflection of Qatar's strategic view of how to shape its economic future, as well as its emerging capacity to operate in the global financial markets. The strategy of the QIA is to invest its surplus

state-owned enterprises (SOEs) in the traditional sense, government-employee pension funds, or assets managed for the benefit of individuals. See Asim Ali and Shatha Al-Aswad, 'Persian Gulf based SWFs & Financial Hubs in Bahrain, Dubai and Qatar: A Case of Competitive Branding', *The Sovereign Wealth Fund Initiative*, February 2012; Ashby Monk, 'Sovereignty in the Era of Global Capitalism: The Rise of Sovereign Wealth Funds and the Power of Finance', *Environment and Planning*, Vol. 43 (2011): pp. 1831-32.

¹⁴⁹ 'Qatar tops up war chest by selling VW pref shares', *Forbes.com*, 10 November 2009.

¹⁵⁰ Qatar followed in the footsteps of other sovereign wealth funds from Kuwait, Abu Dhabi, Dubai, Singapore and China. Kuwait was the first state to come up with the idea, in the 1970s, of diversifying the economy by investing surplus oil revenues into global asset classes to create a fund to guarantee national income once oil revenues tail off.

funds in a mixture of asset classes in a variety of places directly rather than via private equity funds to whom they allocate capital.

As of the end of 2010 QIA was ranked the twelfth largest SWF globally in terms of assets held, with between US\$85-\$100 billion.¹⁵¹ The Qatari Diar Real Estate Investment Company is fully owned subsidiary of QIA. It was founded in early 2005 and was initially capitalized at US\$1 billion to support Qatar's rapidly expanding economy and to provide structure and quality control for the country's real estate development priorities. It has developed into a key global real estate player and has built up a large portfolio with more than 40 projects in 17 countries across the Middle East, Africa, and Europe including France, the UK, Italy, Oman, Morocco, Egypt, Syria, Sudan and Seychelles.

As of 2010, Diar had invested more than US\$60 billion in projects. In 2006 Qatar Holding LLC was incorporated, within the jurisdiction of Qatar Financial Centre (QFC), as the prime vehicle for strategic and direct investments by the State of Qatar.¹⁵² The fund also owns a holding company called the Qatar Investment Company.¹⁵³

Like other resource- rich nations that are poor in arable land and have a growing population,¹⁵⁴ in the years prior to 2010 Qatar, like other GCC states, also looked to secure its heavy dependence on food imports by exploring the strategy of buying farmlands abroad to produce output exclusively for local markets.¹⁵⁵

¹⁵¹ See Sovereign Wealth Fund Rankings: Largest Funds by Assets under Management, <http://www.swfinstitute.org/fund-rankings/>

¹⁵² S. H. Othman, 'Qatar's Sustained Economy Helps QFC Edge over Rivals', *Doha.Biz*, 9 June 2010, <http://doha.biz/2009/10/06/qatars-sustained-economy-helps-qfc-edge-over-rivals>

¹⁵³ Brad Setser and Rachel Ziemba, *GCC Sovereign Funds Reversal of Fortune*, New York, Council on Foreign Relations, January 2009, pp.29.

¹⁵⁴ As noted above, between 1997 and 2005 Qatar's population grew by almost 50 percent to an estimated 750,000 and grew by 100,000 in 2005 alone. By 2010 the population was estimated to be at 1.6 million.

¹⁵⁵ 'Gulf states state to lose from Doha round collapse', *Gulf News*, 2 August 2008.

As such, another smaller, but increasingly important strand of Qatar's SWF is Hassad Food, the Farm/Agricultural Investment Company that was established in 2008 by QIA to work towards the government's strategic priority of securing adequate food supply at reasonable prices by investing in and taking shareholdings in agricultural, livestock, and food companies.

Qatar for example, has followed other countries—such as South Korea, which is developing 400 square miles in Tanzania—in investing in arable land, notably in Kenya where it has agreed to lease nearly 100,000 acres in return for financing a new port.¹⁵⁶ More generally, Qatar has differed from others in addressing its food security concerns because instead of just acquiring land, it has primarily chosen to concentrate on investing in existing agri-businesses.¹⁵⁷

The QIA has made some notable investments across the Arab world in the period examined in this thesis. In 2006, for example, it established the Qatar Oman Investment Company with paid-up capital of QR300million to invest in both countries' financial, educational, health care, tourism and real estate sectors.¹⁵⁸ While in May 2008 Qatari Diar invested US\$245 million (QR892mn) in Palestine to build a self-sufficient township in Rawabi, located between Ramallah and Nablus on the West Bank.¹⁵⁹

But the QIA has not limited itself to investments in its home region (in line with the fact that the Arab region only attracts 10 percent of total FDI from other Arab countries). In May 2008 a senior QIA official speaking at the Wealth Funds Conference in Abu Dhabi estimated that 40 percent of its future real estate

¹⁵⁶ Andrew Rice, 'Is There Such a Thing as Agro-Imperialism?', *The New York Times*, 22 November 2009.

¹⁵⁷ See Surya Suresh, 'Food Security Strategy in Qatar', *EcoMENA*, 1 February 2014 <http://www.ecomena.org/food-security-qatar/>; More generally see the website of the Qatar National Food Security Program (QNFSP) <http://www.qnfsp.gov.qa>.

¹⁵⁸ Qatar Oman investment company setting up a new company', *Gulf Times*, 5 May 2008.

¹⁵⁹ 'Qatari Diar firm eyeing projects in Palestine', *Gulf Times*, 29 May 2008.

investments would be in Asia, especially ‘cities in India, China, Singapore, Korea, Vietnam and Malaysia’.¹⁶⁰ Since then the Qatari fund has taken major stakes in everything from office complexes, and power companies in India to shopping malls in Malaysia, to luxury residential and hotel resorts in Tajikistan and investment funds in Vietnam and Indonesia.¹⁶¹

The QIA and its offshoots have also made many highly visible investments in much more developed markets. These have included stakes in Volkswagen AG and Porsche Automobil Holding SE in Germany and numerous property and business investments in Paris and Monaco.¹⁶² In London, Qatari purchases included the iconic department store Harrods, and major holding in the Canary Wharf financial services centre as well as an historic building in Grosvenor Square, that has housed the US embassy since 1938. It was also a key partner in developing the Shard building at London Bridge, into Europe’s tallest building.¹⁶³

Not surprisingly at the height of the Qatari boom, in 2008, the QIA, with all its various branches, was described as being on ‘a seemingly unstoppable upwards trajectory’.¹⁶⁴ Indeed, between 2006 and 2010 the QIA’s constituent parts made some of the largest (and most talked about) investments and asset purchases across the

¹⁶⁰ Arif Sharif, ‘Qatar’s Fund to Invest in Asian Property, U.S. Assets’, *Bloomberg News*, 6 May 2008.

¹⁶¹ Baiju Kalesh, ‘Qatar fund in talks for 10% stake in Hinduja Power’, *Gulf News*, 22 January 2010; ‘Qatar, Indonesia set up joint \$1 billion fund-report’, *Reuters News Agency*, 21 August 2008; ‘QIA unit to open firm in Indonesia this year’, *Business Times*, 11 July 2009; ‘1b Indonesia fund launch soon’, *Gulf News*, 4 March 2010; ‘Qatari Diar launches \$150m Tajik project’, *Reuters New Agency*, 29 August 2009.

¹⁶² *Hong Kong and Shanghai Hotels (HSHL) Press Release*, 20 January 2009.

¹⁶³ H. Sender, ‘Qatar, in UK Play, Shows its Deal Thirst; Where to Put \$1 billion’, *Wall Street Journal*, 24 July 2007; D. Teather, ‘Gulf States Target Britain So They Can Invest Their Cash Beyond the Oil Fields’, *The Guardian*, 21 July 2007; ‘Qatar wants to be largest Songbird shareholder’, *Reuters News Agency*, 29 August 2009; Chris Bourke, ‘U.S. Embassy Building in London Sold to Qatari Diar’, *Bloomberg News.Com*, 3 November 2009; Santhosh V Perumal, ‘UK property firm gets Qatari fund boost’, *Gulf News*, 19 September 2009; ‘Qataris buy 20 pct of UK property firm Chelsfield’, *Reuters News Agency*, 28 September 2008; J. Parker and M. Arnold, ‘Britain Open to Business from Sovereign Wealth Funds’, *The Financial Times*, 5 December 2007.

¹⁶⁴ ‘Qatar: Small state with a big fund buys British’, *Daily Telegraph*, 28 June 2008

global economy culminating in 2010 when Qatar was estimated to be the world's largest investor in cross-border property.¹⁶⁵

The scale of the Qatari investment strategy of taking numerous stakes in big-name companies and real estate assets (notably the purchase of Harrods department store in London) generated much passionate debate.¹⁶⁶ In particular there was criticism of what the *Financial Times* has termed the apparent 'penchant for trophy assets'.¹⁶⁷ Despite this, there is no doubt that Qatar's 'global shopping spree',¹⁶⁸ played a notable role in raising the country's international status, especially in the context of the global financial crisis since 2008-09.

Though fully integrated into the world economy and financial markets the GCC was the regional economic bloc least affected by the global economic crisis. The international recession did have a negative impact on the GCC states, including Qatar. From 2008 onwards there was a significant withdrawal from debt financing in the region and a contraction of capital inflows into the GCC economies. In April 2009 Qatari Diar announced that in the face of the global financial crisis it would focus on 40 projects that were already in place before expanding its investment into new areas.¹⁶⁹

Most notably, the financial crisis that gripped the world post-2008 came at a time when Qatar and other GCC countries were focusing on developing their financial markets as an essential component of their economic diversification programmes.¹⁷⁰

¹⁶⁵ Joanne Bladd, 'Gulf to Play Key Role in Future Global Finance', *Arabian Business*, 30 September 2009. There have been failures, notably the decision to walk away from the bid to buy British supermarket giant J Sainsburys in 2007 and to abandon its £1.3 billion investment in the debt-ridden British nursing home provider Four Seasons in 2008. Gwen Robinson, 'Qatar fund in rift with UK adviser', *The Financial Times*, 4 June 2008.

¹⁶⁶ Raja Kamal, 'Harrods, or just a horrid investment', *Daily Star* (Beirut), 25 June 2010.

¹⁶⁷ Roula Khalaf & Martin Dicks, 'Qatar: Emir on a mission' *The Financial Times*, 24 October 2010.

¹⁶⁸ Steven R. Weisman, 'Oil Producers See the World and Buy it Up', *New York Times*, 28 November 2007.

¹⁶⁹ 'Qatari Diar to focus on existing projects', *The Peninsula*, 20 April 2009.

¹⁷⁰ S. Vaithilingam, M. Nair and M. Samudra, 'Key Drivers for Soundness of the Banking Sector:

The global downturn placed significant pressure on this sector. In October 2008, as regional markets slumped in response to global crisis, the QIA launched a US\$5.3 billion plan to buy shares in 10-20 percent of the capital of banks listed on the Doha stock market in order to shore up investor confidence.¹⁷¹ The following December the Commercial Bank of Qatar and Qatar Islamic Bank announced similar plans to sell stakes to the QIA, as part of the plan to ensure that banks in Qatar were able to keep project financing on track.¹⁷²

Despite such major state-sponsored efforts, by January 2009 the Doha stock market was down nearly 50 percent on its peak of 12,629 in June 2008.¹⁷³ The following October QIA announced that it would raise the capital base of Qatari banks by a further 10-20 percent, and committed an estimated US\$5.3 billion for this purpose.

In March 2009, in order to protect the banks from their investment losses, the Qatari government, through the Central Bank of Qatar, announced that it was willing to buy from banks their entire portfolio of investments classified as available for sale.¹⁷⁴ The following June the Qatari government stated that it was willing to purchase from banks, real estate exposure worth US\$4.1 billion. In the end the government bought the investment portfolios of Qatar National Bank (QNB), Doha Bank, Qatar Islamic Bank, Qatar International Islamic Bank, Ahli Bank and Al Khalij

Lessons for Developing Countries', *Journal of Global Business and Technology*, Vol. 2, No. 1, (2006 Spring) pp. 1-11.

¹⁷¹ 'Doha Bank approves share sale to Qatar wealth fund', *The Financial Times*, 22 December 2008.

¹⁷² 'Qatar to buy 10-20 pct of listed bank shares –QNA', *Hemscott Research Report*, 13 October 2008. Though Islamic banking came to Qatar late in comparison with other states in the region, it quickly established itself as a player in the market. Qatar Islamic Bank was established in 1982 and has become the sixth largest Islamic commercial institution in the Gulf after the Kuwait Finance House. A second Islamic bank, Qatar Islamic International Bank was established in 1991 while a third, Masraf Al-Rayan was created in 2006.

¹⁷³ 'S&P report on Qatar finds "long term strengths, short term weaknesses"', *Insurance Journal*, 27 January 2009.

¹⁷⁴ M. Salem, 'Qatar Buys QR6.5bn of Bank Investments', *The Peninsula*, 21 March 2009; 'Qatar Props up its Banking System', *The New York Times*, 3 September 2009.

Commercial Bank and Commercial Bank of Qatar.

By the end of 2009 official intervention reached about 6.5 percent of GDP, mainly in the form of capital injections into banks by the QIA and the purchase of the relevant bank's equity investment and property portfolios, a move commended by the International Monetary Fund (IMF) as a 'timely and decisive intervention in the banking system'.¹⁷⁵

Ultimately, Qatar was wealthy enough to undertake such a range of interventions without causing a lasting impact on its state finances. This meant that during the global financial crisis the country retained huge investment potential. This was true even compared to other hydrocarbon producing nations, because of Qatar's lower extraction costs and easily accessible reserves. Qatari Prime Minister, Hamad bin Jassim bin Jaber bin Muhammad Al Thani, head of the QIA during the period up to 2010, was confident that the credit crisis had 'minimally' affected Qatar compared to other developed nations and restated the QIA's policy position that 'We cannot build all our reserves on one kind of investment, so we have to spread it'.¹⁷⁶

As such, from the outbreak of the crisis, EU and US officials appealed to Qatar and other GCC nations to contribute to the rescue of their ailing financial institutions by pouring credit into the international financial system in order to add to liquidity.¹⁷⁷ As then US Deputy Treasury Secretary, Robert Kimmitt, explained, 'Collective efforts are needed to tackle the global financial crisis and Gulf countries have a key role in resolving it'.¹⁷⁸ Then British Prime Minister Gordon Brown and

¹⁷⁵ *Qatar: 2009 Article IV Consultation-IMF Country Report No. 10/41*, February 2010, <http://www.imf.org/external/pubs/ft/scr/2010/cr1041.pdf>.

¹⁷⁶ Edward Evans and Francine Lacqua, 'Qatar Seeks 'Blue Chips' to Diversify, Leader Says', *Bloomberg News.Com*, 30 January 2009.

¹⁷⁷ Steven R. Weisman, 'Oil Producers See the World and Buy it Up', *New York Times*, 28 November 2007.

¹⁷⁸ Robert M. Kimmitt, 'Public Footprints in Private Markets: Sovereign Wealth Funds and the World Economy', *Foreign Affairs*, Vol. 87, No. 1 (January-February, 2008).

French President Nicolas Sarkozy, as well as senior IMF officials also appealed to the Gulf States to provide funds to the IMF when it became clear that the US\$250 billion that the IMF earmarked to bail out countries in distress was insufficient for the crisis.¹⁷⁹

Notably, in November 2008 Prime Minister Brown visited Qatar as part of a trip to the region to attract investment from SWFs for the financial markets and get nations including Qatar to add ‘hundreds of billions of dollars’ to the IMF. Since then a series of other European leaders, including those from the most badly affected economies, have visited Qatar on similar missions.¹⁸⁰

Traditionally, as a percentage of GNP, Qatar’s foreign aid and development assistance to the region and beyond had been above average and there had been significant contributions to regional entities such as the Arab Fund for Economic and Social Development, the Arab-African Oil Assistance Fund, the OPEC Special Fund and the IMF Oil Facility.¹⁸¹

However, in response to the global financial crisis, Qatar agreed to take a number of proactive measures to monitor and manage the challenge outside its own borders, notably in the global financial services sector.¹⁸² In early 2008 it was reported that the QIA had up to US\$15 billion to invest in European and US banks and rumours abounded following reports that the QIA was considering investing in

¹⁷⁹ G. Tett, ‘Gulf Liquidity Offers Glimmer of Hope’, *The Financial Times*, 22 November 2007; ‘UAE ready to play key role’, *Gulf News*, 30 October 2008.

¹⁸⁰ Though outside the time-frame of this thesis, two particularly notable examples, given the financial crises both faced was the January 2011 visit of Portugal’s prime minister to Qatar and the January 2013 visit to the kingdom of Ireland’s premier. See Alex Macdonald, ‘Portugal, Qatar seek stronger business ties’, *Wall Street Journal*, 17 January 2011 and ‘Enda Kenny in Sparkling form in Qatar amid talks of investment and soccer’, *Irish Times*, 7 January 2014.

¹⁸¹ See Ragaei al Mallakh, *Qatar: Development of an Oil Economy*, New York, St. Martin’s Press, 1979.

¹⁸² ‘Commodity-driven economies can showcase their strengths amid global financial crisis’, *Gulf Times*, 16 May 2009.

Royal Bank of Scotland, then the UK's second biggest bank.¹⁸³ In mid-April, the QIA played a key role in stabilising Credit Suisse's position, which in turn, allowed the Swiss bank to weather the global crisis.¹⁸⁴

Later in the year the British bank Barclays raised US\$7.6 billion by selling securities including convertible notes to Middle Eastern investors, again led by Qatar Holdings, at a time when less than a fifth of its existing shareholders signed up to buy shares.¹⁸⁵ This contributed significantly to the stabilisation of Barclays, which had lost two-thirds of its market value at the height of the global crisis.

Following the Qatari investment, the share price rebounded by 96 percent, leading the British prime minister to say, 'Right now, we aren't worried about Barclays... we in fact have a strong belief that Barclays will get over this problem.'¹⁸⁶ Subsequently, Qatar also invested an estimated \$5 billion into Greek assets to prop up the struggling Mediterranean economy.

In the wake of the financial crisis the vital capital injections made by SWFs such as the QIA in key sectors and in cooperation with national governments, corporate leaders and financial institutions attracted positive attention from markets, policymakers, national parliaments and the media.⁸² As a consequence, as Qatar's finance minister Yousef Hussain Kamal noted, following the global financial crisis world opinion about the role of SWF's 'changed 180 degrees'.¹⁸⁷ Long-held

¹⁸³ 'Qatari government eyes RBS investment: report', *Reuters News Agency*, 24 February 2008; G. Tett, 'Western Banks Face Backlash as they Hand out Begging Bowl', *The Financial Times*, 8 February 2008.

¹⁸⁴ H. Sender, 'Qatar Fund Buys Credit Suisse Stake', *The Financial Times*, 18 February 2008; 'Qatar gives Credit Suisse clear backing', 24 April 2009,

http://en.news.maktoob.com/20090000001781/Qatar_gives_Credit_Suisse_clear_backing/Article.htm

¹⁸⁵ 'QIA buys into Barclays Bank', *Reuters News Agency*, 18 July 2008.

¹⁸⁶ Edward Evans and Francine Lacqua, 'Qatar Seeks 'Blue Chips' to Diversify, Leader Says', *Bloomberg News.Com*, 30 January 2009.

⁸² G. Tett, 'Davos: Sovereign Funds Face Growing US Pressure', *The Financial Times*, 24 January 2008.

¹⁸⁷ 'Qatar pledges more funds for infrastructure', *Business-Intelligence Middle East (Bi-Me)*, 13 November 2008.

suspensions gave way to relief that these institutions, previously perceived as predators on the global markets, had played an important role in contributing to the return of financial stability and liquidity.

The QIA, in turn, established itself as a high profile and leading member of this global ‘aristocracy of liquidity’, as SWFs have come to be known. At the same time, as Doha Bank Group chief executive officer, R. Seetharaman, argued in mid-2009, speaking before the US-Arab Chamber of Commerce at a meeting in Houston, Texas, the global financial crisis allowed for Qatar to showcase its fundamental strengths. In particular, it provided Qatar with the opportunity to promote itself as a highly professional business partner with the means, ambition and capability to take a lead role at the top table of international finance.

Another consequence of the global economic crisis was a closer relationship between SWFs, including the QIA, and the IMF. The Qatari government underlined the importance of collaboration with the IMF not only in terms of regulating management of SWFs but in maximising the funding of financial injections. As Yousef Hussain Kamal explained, the global crisis had changed the view of Qatar’s key policymakers in terms of how the QIA should operate. Previously, Qatar had not considered directing investments towards non-profit or non-strategic ends, but the economic crisis had highlighted how imperative this could be in order to bolster global stability.¹⁸⁸

Another interesting aspect of Qatari investments in the period under analysis is that they were often made in order to add value to existing or future plans for

¹⁸⁸ T. Barber and G. Parker, ‘Call for Calm’, *Times*, 27 September 2007; J. Blas, ‘Oil’s Troubled Water: Sovereign Wealth Funds Move into Commodity Investment’, *The Financial Times*, 13 November 2007; A. Brown, ‘The Middle East: The Boom Continues’, *The Financial Times*, 3 December 2007; J. Kay, ‘Sovereign Wealth is a Force for Stability’, *The Financial Times*, 26 February 2008; S. Kerr, ‘Gulf Arabs Flex Muscles for Global Buy-Out as Funds Gain Confidence’, *The Financial Times*, 12 September 2007; S. Kerr, ‘Sovereign Wealth Funds: Power Magnifies as Petrodollar Gains Ground’, *The Financial Times*, 19 November 2007.

domestic infrastructural or technological development. In late 2008, for example, Qatari Diar acquired Cegelec, an international group providing technological services to companies and public authorities in the areas of energy and electricity; automation, instrumentation and control; information and communication technologies. As Ghanim Al Saad, Chief Executive Officer of Qatari Diar, explained ‘We intend to fully associate Cegelec to all of our development projects in the Middle East, in Europe and Africa, where Qatari Diar is strongly established’.¹⁸⁹

In late 2009, Qatari Diar raised QR4 billion through syndicated Islamic debt, an amount 14 percent greater than that originally mandated. Though these funds were intended to be used for further domestic and overseas investments, there was also another objective—to employ a local Qatari banks in the process as the sole Mandated Leader Arranger (MLA) and book-runner in order to highlight the increased sophistication, professionalism and expertise of Qatar’s financial services sector. This drew further attention to the local financial sector’s ability to provide for the needs of the international markets, in turn increasing the profile and appeal of the Qatar Financial Centre (QFC).¹⁹⁰

In the financial sphere, Qatar put as much as US\$6 billion into the initial public offering by Agricultural Bank of China, a decision described by observers as a political move intended to help Qatar open new markets for its gas. While its US\$2.7 billion investment in Santander Brazil in late 2010 further underlined this ‘financial diplomacy’,¹⁹¹ as it followed a January trip by Emir Hamad bin Khalifa Al Thani to Latin America’s emerging global powerhouse.

By maximizing the value of its natural gas reserves (the third largest in the world), through international partnerships and by re-investing hydrocarbon wealth in

¹⁸⁹ ‘Qatari Diar Completes The Acquisition of Cegelec’, *Reuters News Agency*, 22 October 2008.

¹⁹⁰ ‘Qatari Diar raises QR4 Billion through Islamic debt’, *Gulf News*, 13 October 2009.

¹⁹¹ Roula Khalaf & Martin Dicks, ‘Qatar: Emir on a mission’, *The Financial Times*, 24 October 2010.

socio-economic development at home, Qatar has excelled in creating an environment that is conducive to innovative activity and initiatives that create an infrastructure and enabling environment for research to develop and flourish. Some have gone so far as to describe this process as going some way to turning Qatar into a cross between Sweden and Switzerland in the Middle East.¹⁹²

In his recent history of Qatar, Fromherz asks whether Qatar can be described as a ‘new model of modernity’.¹⁹³ Certainly, by becoming a purveyor of leading global brands abroad, by having the ambition to compete for the Olympics and the World Cup, by developing a rich and vibrant sporting, educational, technological and cultural hub, the country has developed a ‘huge sense of itself’.¹⁹⁴

In doing so, Qatar by the end of 2010 had increasingly come to be viewed as a first rank economic, sporting and diplomatic power in the region. How this has come about is a focus of successive chapters.

¹⁹² Ambrose Evans-Pritchard, ‘Qatar fashions financial oasis to go toe-to-toe with East and West’, *Daily Telegraph*, 22 May 2009.

¹⁹³ Allan Fromherz, *Qatar, A Modern History*, chapter 1, pp.1-32.

¹⁹⁴ Tim Franks, ‘Qatar keeps cool as heat is turned up’, *BBCNews*, 25 November 2010.

Chapter 2

A New Vision at Home? Political Gradualism and Socio-Economic Risk-taking in Qatar, 1995-2005

‘[In a small state] important policy decisions... emerge out of the personal aspirations and preferences of the leader’. Hassan Ali Al-Ebraheem¹⁹⁵

On June 27, 1995, Sheikh Hamad bin Khalifa Al Thani, Qatar’s Deputy Emir deposed his father Emir Khalifa bin Hamad bin Abdullah bin Jassim bin Muhammed Al Thani, who had ruled Qatar for 23 years. This followed the pattern of ‘bloodless and rather gentlemanly coups’ that were common across the Gulf.¹⁹⁶ Indeed, in February 1972 Sheik Khalifa himself had become Emir of Qatar when he displaced his cousin Sheikh Ahmad bin Ali bin Abdullah bin Jassim bin Mohammed Al Thani in what became known in the country as the ‘corrective movement’.¹⁹⁷

On taking power, the Sandhurst trained and Cambridge-educated new Emir put forward a new vision for Qatar at home and abroad in the economic, societal and diplomatic spheres. Over the next decade and a half, Sheik Hamad bin Khalifa Al Thani, described by the *New York Times* as the ‘face of a new generation’,¹ built up a reputation for astute, ambitious and cautiously progressive rule, that had the potential to profoundly alter Qatar’s domestic situation and its relationship with regional and global powers.¹⁹⁸

¹⁹⁵ See Hassan Ali Al-Ebraheem, *Kuwait and the Gulf: Small States in the International System*, London, Croom Helm, 1984, p.49; W.S. Jung, ‘Financial Sector Development and Economic Growth: International Evidence’, *Economic Development and Cultural Change*, Vol.34, No. 2 (January 1989), pp.333-346.

¹⁹⁶ Mohammed El-Katiri and Steve Tatham, ‘Qatar: A Little Local Difficulty?’, Defence Academy of the United Kingdom, The Advanced Research Assessment Group (ARAG), 2009; Thomas W. Lippmann, ‘Qatar Emir’s Ouster Reflects Family Role in Gulf Politics’, *Washington Post*, 28 June 1995; ‘Qatar leader is sent packing by his son’, *The New York Times*, 27 June 1995.

¹⁹⁷ Prior to 1972 Qatar had seen other contested concessions. Emir Abdulla to his son Ali in 1949 and Ali to his son Ahmad in 1960. However, as noted in a previous chapter Sheik Hamad ensured that no such faith would befall him when he abdicated voluntarily in 2013, handing over power in the process to his own son Crown Prince Tamim.

¹⁹⁸ Roula Khalaf and Martin Dicks, ‘Qatar: Emir on a mission’, *The Financial Times*, 24 October 2010.

That is not to say that Qatar's contemporary achievements have solely been the result of policies introduced following the new Emir's rise to power in mid-1995. A number of key strategic and economic decisions relating to the development of the gas industry, bilateral relations with Israel, the United States and Qatar's neighbours in the Gulf had already been proposed and initiated prior to Hamad bin Khalifa Al Thani's succession.

But it is also true that prior to becoming Emir, Sheik Hamad bin Khalifa Al Thani had played a leading role in initiating many of these innovative policies. From 1989 he had been heir apparent and defence minister. By 1993 he had taken over much of the day-to-day running of the country and, as the key figure setting the national agenda, was intimately involved in all decisions of national importance.¹⁹⁹

Though the transfer of power in 1995 was bloodless and had the backing of most of the ruling Al-Thani family, it was not without its complications. Despite Sheik Hamad bin Khalifa Al-Thani's *de facto* leadership of Qatar prior to 1995, his father contested the coup.

Before the new Emir could fully consolidate his power he had to weather an attempted countercoup in February 1996 allegedly masterminded by a cousin and former government minister, who was subsequently captured outside of Qatar and prosecuted. Over one hundred others, mostly ex-military officers, were also detained and prosecuted for their roles in the attempted counter-coup.

This challenge to his rule in February 1996 prompted Sheikh Hamad bin Khalifa Al Thani to initiate civil proceedings against his father to retrieve an alleged US\$3-\$12 billion of state assets supposedly in his possession. This led to a protracted lawsuit between father and son over the rightful ownership of these billions of dollars,

¹⁹⁹ Helem Chapin Metz (ed.), *Persian Gulf States: A Country Study*. Washington: GPO for the Library of Congress, 1993. Andrew Rathmell and Kirsten Schultze, 'Political Reform in the Gulf: The Case of Qatar', *Middle Eastern Studies*, p. 57.

which was finally settled out of court.

Qatar's neighbours, in particular Saudi Arabia, had supported Sheik Khalifa bin Hamad bin Abdullah bin Jassim bin Muhammed Al Thani's rise to power by deploying National Guard units near the Qatar-UAE border.²⁰⁰ Now, two decades later Saudi Arabia, along with Bahrain and Abu Dhabi, backed Sheik deposed Emir and provided either moral or material support for the attempt to dislodge his son.

Their decision to do so profoundly influenced Qatar's emerging approach to external engagement in international affairs. As this thesis will show, this in turn would have significant implications for Qatar's future bilateral and multilateral relations with its Gulf neighbours inside the Gulf Cooperation Council (GCC) and well as its regional engagement more generally.

In a move that went a long way to clear up the succession question, and thus eliminate a major cause of domestic political tension, the new Emir issued an Emiri decree changing the line of succession from within the Al-Thani family to male descendants of Hamad bin Khalifa Al Thani

He also quickly appointed an heir, his third son, Jasim bin Hamad bin Khalifa Al Thani. In 2000, Emir Hamad bin Khalifa Al Thani established the Ruling Family Council, a body appointed by him and under his chairmanship, tasked with deciding on the vacancy for the post of Emir. The new Emir also placed his allies in positions of power and populated the cabinet with highest number of ruling family members of any GCC state.²⁰¹

Once succession was settled and potential familial threats were neutralized the Emir faced few other credible challengers to his rule. The Al-Thani family had

²⁰⁰ 'Briefing Memorandum from the Assistant Secretary of State for Near Eastern and Asian Affairs (Sisco) to Secretary of State Rogers, 18 May 1972, No. 158, *Foreign Relations of the United States* (FRUS), 1969-1976, Vol. XXIV, p. 506.

²⁰¹ Mehran Kamrava, 'Royal Factionalism and Political Liberalization in Qatar', *Middle East Journal*, p.414.

dominated Qatar since the nineteenth century to the extent that the history of the ruling family and the country were almost inseparable. As western official documents on the region from the time of independence in 1971 highlight, there was agreement among US and UK officials at the time that ‘it is difficult to see how any subversive group could get a footing there in view of the tight control by a large and tough ruling family’.²⁰²

As Mehran Kamrava has pointed out, unlike the situation in other GCC states, most notably Saudi Arabia, the religious establishment of Qatar did not traditionally pose any real threat to the ruling family because there was no indigenous local clerical powerbase in Qatar.²⁰³ Nor was there any tradition in Qatar of Islamists challenging the established order by acting outside the law. Indeed, the October 1996 attempt to set off a bomb near a government building in Doha by a group calling itself *Al-Munazzamat Awdat al-Sharia*, the Organisation for the Return of Islamic Law, was a one-off action that had no broader implications for the country’s vulnerability to radical Islamists.

A national market did not emerge in Qatar until the twentieth century and the prolonged weakness of the trade sector meant that the merchant community, especially in comparison to their counterparts in Kuwait or Dubai, had never been able to transform its economic power into a claim for political leadership. The new Emir benefited from this to the extent that he inherited a country that was not home to a cohesive and organised merchant class capable of challenging the ruling family for political power.²⁰⁴

Moreover, even factoring in the tribalism, local territorial disputes and internal

²⁰² ‘US-British Memorandum of Conversation on the Persian Gulf’, 13 January 1971, No.93, Foreign Relations of the United States (FRUS), 1969-1976, Vol. XXIV, p. 293.

²⁰³ Mehran Kamrava, ‘Royal Factionalism and Political Liberalization in Qatar’, *Middle East Journal*, p.409.

²⁰⁴ Jill Crystal, ‘Coalitions in Oil Monarchies: Kuwait and Qatar’, *Comparative Politics*, p.430.

power struggles that resulted in the involuntary transfer of power in 1949, 1960, 1972 and 1995, Qatar had been remarkably stable under the paternal and personal political leadership of the Al-Thanis.²⁰⁵ This ensured that the ruling family's position as the most important player in the formation, integration and modernization of the Qatari state went unchallenged.

As such, Qatar was free to exhibit two characteristics common in small states, both of which would have significant implications in the period under examination in this thesis. The first was a highly personalised form of government. Between 1995 and 2010, Qatar's foreign relations were dominated by what commentators have called 'the two Hamads' –the Emir and the Prime Minister.²⁰⁶ The second was the fact that Qatar's regime has always enjoyed both exceptional autonomy in foreign policymaking and, as noted above, has faced very few domestic political constraints.

One should never understate the significance of the personalized nature of Qatari political life in the decade and a half covered by this thesis. As Hassan Ali Al-Ebraheem has noted in relation to Kuwait, this allows for important policy decisions to emerge out of the personal aspirations and preferences of the leader rather than through a cold, and impersonal political system.²⁰⁷ The flip side of this is always the possibility of unchecked actions based on instinct but the upside is a decisiveness lacking in larger political nations.²⁰⁸

This, in turn, allowed the Emir to focus his efforts on bringing his vision for

²⁰⁵ Ali Mohammed Khalifa, *The United Arab Emirates: Unity in Fragmentation*, Boulder, CO: Westview Press, 1979.

²⁰⁶ Lina Khatib, 'As Son Takes Over in Qatar, Little Chance of New Policies', *IPi Global Observatory*, 2 July 2013.

²⁰⁷ See Hassan Ali Al-Ebraheem, *Kuwait and the Gulf: Small States in the International System*, p.49; W.S. Jung, 'Financial Sector Development and Economic Growth: International Evidence', *Economic Development and Cultural Change*, Vol.34, No. 2 (January 1989), pp.333-346.

²⁰⁸ Simon Henderson, 'Knee-deep in Syria's civil war and surrounded by family quarrels, Qatar's emir is looking to hand over the country to his 33 year-old son', *Foreign Policy Magazine*, 14 June, 2013; Jane Kinnimont, 'What next for the Gulf's rulers- for-life?', *The Guardian*, 22 June 2013; Shibley Telhami, 'Behind the abdication of Qatar's emir', *Reuters*, 26 June 2013.

twenty-first century Qatar to fruition. As Rosemarie Said Zahlan noted in her path breaking 1979 book, *The Creation of Qatar*, the fundamental challenge that faced the country in the wake of independence in September 1971, was how to provide an effective and realistic forum for political participation that would complement the tribal and Islamic make up of society.²⁰⁹

Until Sheik Hamad bin Khalifa Al Thani acceded to power, Qatar was widely viewed as the ‘quintessence of the Gulf’ in terms of the make up, constraints and opportunities of a small state in the region.²¹⁰ In part, this was due to the fact that Qatar had not yet faced up to the challenges that produce resistance. Its leaders had not had to neutralise any opposition elites. Nor were they forced into coalitions that restricted their power, forced them to dilute their rule or agree to wider political participation. As noted above, there had not even been any substantive pressure to deal with societal partners with an independent stake in the regime’s viability.²¹¹

This gradually changed in the early 1990s on the eve of the royal succession. In mid-1992, to take one notable case, apart from petitioning on the issue of education, a group of 54 prominent Qatari citizens called on Sheik Khalifa bin Hamad bin Abdullah bin Jassim bin Muhammed Al Thani to bring about free parliamentary elections, a written constitution and broader personal and political freedoms.²¹²

On taking power, the new Emir looked to address the rumblings of discontent that the above petition symbolised by embarking upon a ‘limited course of political liberalization’²¹³ in order to find a balance between what Zahlan correctly termed in her work as a process of ‘change and continuity’. As Rathmell and Schulze have

²⁰⁹ Rosemarie Said Zahlan, *The Creation of Qatar*, p.12.

²¹⁰ Liesl Graz, *The Turbulent Gulf*, London, I.B. Tauris, 1990, p. 175.

²¹¹ Jill Crystal, ‘Coalitions in Oil Monarchies: Kuwait and Qatar’, *Comparative Politics*, p.441.

²¹² Youseef M. Ibrahim, ‘54 Qatar citizens petition Emir for free elections’, *The New York Times*, 13 May 1992.

²¹³ Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Washington D.C, Congressional Research Service, Updated January 24, 2008.

noted, this took the form of a highly publicized programme of political reform involving liberalization and steps towards democratization’²¹⁴

From the time of independence in 1971 the machinery of the Qatari state had centred on the Emir, the Council of Ministers (most of whom hailed from ruling family) and the Advisory Council (*majlis al-Shura*), appointed by the Emir. On taking power in 1995 Sheikh Hamad bin Khalifa Al Thani appointed a new government and successfully separated the powers of the royal family from those of cabinet and prime minister, although the new prime minister remained a member of the royal family. The prime minister was then able to choose his own cabinet, which nevertheless owed its ultimate loyalty to the head of state, the Emir.²¹⁵

Peter J. Katzenstein has argued that for small states ‘periods of great crisis can profoundly affect the way domestic politics is organized; periods of relative normality can...reinforce that pattern of organization’.²¹⁶ This is undoubtedly true in most cases. However, what is immediately noticeable and impressive in the context of Qatar from 1995 onwards is that from the beginning of his reign Sheikh Hamad bin Khalifa Al Thani broke with this norm. Instead, in what was both a highly innovative and potentially extremely risky move, he looked to capitalise on the country’s stability in order to ensure elite support for his vision of re-organising the political (and socio-economic) basis of the Qatari state.

This meant, as Rathmell and Schulze have argued, that economic necessity was not the only driver of political reform under the new Emir in the first five years of his rule. Rather, they argued, it was ‘consciously chosen for reasons of foreign policy

²¹⁴ Andrew Rathmell and Kirsten Schulze, ‘Political Reform in the Gulf: The Case of Qatar’, *Middle Eastern Studies*, pp.47, 53.

²¹⁵ On the history of legislative authority in Qatar, its Constitution and governing structures see W. M. Ballantyne, ‘The Constitutions of the Gulf States: A Comparative Study’, *Arab Law Quarterly*, Vol. 1, No. 2 (Feb 1986), pp. 158-176.

²¹⁶ Peter J. Katzenstein, *Small States in World Markets: Industrial Policy in Europe*, Ithaca, New York, Cornell University Press, 1985, p. 37.

and domestic dynastic politics'. In fact, they note the 'striking contrast between the limited actual economic problems faced by Qatar and the ambitious political reforms that Emir Hamad has made such a central feature of his reign' As they put it, Qatar 'initiated liberalization measures and democratic reforms not by a re-negotiation of the rentier state political bargain, since the state does not face a long-term inability to meet its side of the bargain'.²¹⁷

This is an important point as it challenges the conventional wisdom on two levels – that there is a direct causal link between political reform and socio-economic problems and that existing regimes avoid new ideas in times of stability as they can threaten the status quo and, in turn, can weaken the grip on power.

In a speech at Georgetown University on his first visit to the US in June 1997, the Emir explained why he had decided to initiate this process. Greater openness was, he argued, necessary to 'secure ourselves in the future'. He also drew attention to the fact that in some countries unrest was a direct result of the 'lack of democracy, because of lack of sharing with their people', before concluding with the late President John F. Kennedy's famous quote that those who failed to make peaceful revolutions possible made violent revolutions inevitable.

These words pointed to the new Emir's belief in, and commitment to, a proactive approach to policy-making that would ultimately come to define his time as leader. However, in the same speech the Emir also acknowledged and justified his cautious approach to implementing full political reform on the grounds that Qatar was 'not yet ready', and because he did not want to 'force myself to stop democracy...I want everything to go smoothly, and non-stop'²¹⁸

²¹⁷ Andrew Rathmell and Kirsten Schulze, 'Political Reform in the Gulf: The Case of Qatar', *Middle Eastern Studies*, p.47, 55.

²¹⁸ Douglas Jehl, 'Young Turk of the Gulf: Emir of Qatar', *The New York Times*, 7 July 1997.

As part of this push to open up Qatar in order to ‘secure’ its future, the new Emir promoted a more independent press (a vitally important issue for Qatar’s evolving international standing as well as its domestic development that will be addressed in full in chapter 6). There was also an attempt to democratize Qatar “from below” through explicit support for political participation at the grass-roots level as a means of creating the environment necessary for a more substantive subsequent move towards democratization.²¹⁹

It is in these terms that one should view the establishment of the Supreme Council for Family Affairs in 1998 and the call for all government-run schools to have democratically elected student councils that would serve as a link between students and the authorities. A similar intention was behind the push for elections to a national Chamber of Commerce that saw 3,700 business and community leaders elect 17 members from a slate of 41 candidates.

More significantly, the Emir called for elections to a Central Municipal Council. As originally conceived this body was intended to be a ‘stepping stone’ on the road to democracy and a precursor to subsequent parliamentary elections. All Qatari citizens over 18 years of age, including women, were eligible to vote for candidates from their specified constituencies who would then form the 29-member Central Municipal Council tasked with running the affairs of nine municipalities.

Underscoring the difficulties inherent in altering the long-accepted political make up of Qatari society, and emphasising the importance of finding a balance between ‘continuity and change’, was the fact that voter registration for the municipal elections was disappointing.

Large numbers of older and more conservative citizens expressed opposition

²¹⁹ M. Kamrava and F. O. Mora, ‘Civil society and democratisation in comparative perspective: Latin America and the Middle East’, *Third World Quarterly*, Vol. 19, No. 5 (1998), pp. 893-916.

to political reforms by refusing to join the process. Of the 40,000 eligible voters (military and police personnel were barred from voting) only 20,000 registered during the required period.²²⁰

This influenced the Emir's decision, prior to the vote in March 1999, to downgrade an elected Council to a purely advisory level, which put paid to any earlier hopes among younger, more progressive Qataris, that this new institution might serve as a quasi-parliament. This had as a precedent another move by Sheik Hamad bin Khalifa Al Thani that underlined his gradual, cautious approach to political change. That was his decision to continue the custom of the Emir appointing members of the 35-member advisory council even though the country's 1971 constitution allowed for the election of members.

Nevertheless, the March 1999 Central Municipal Council elections were a significant milestone in the new Emir's project for political reform at home. Two hundred and forty eight candidates, including 6 women, competed for 29 seats. This was Qatar's first ever nation-wide election in which all adult citizens were allowed to run for office. No less notable, it was also the first time that any Gulf country had enfranchised all of its male and female citizens in a nation-wide election.²²¹ Midway through the same year a constituent assembly was established to write a permanent constitution for Qatar, including provision for an elected parliament.²²²

Critics saw these moves as an attempt by the Emir to neutralise any internal family challenges to his rule by shifting the focus of political activity towards elected institutions. This may have had an indirect, though long-term, benefit to his own rule

²²⁰ Economist Intelligence Unit (EIU), *Country Report: Qatar, 1998*, London, 1999.

²²¹ Louay Bahry, 'Elections in Qatar: A Window of Democracy Opens in the Gulf', *Middle East Policy*, Vol. 6, No. 4 (June 1999), pp. 118-127; Michael Herb, 'Emirs and Parliaments in the Gulf', *Journal of Democracy*, Vol. 13, No. 4 (October 2002), pp. 41-47.

²²² Olivier Da Lage, 'La Constitution du Qatar approuvée par referendum le 29 avril 2003', *Maghreb-Machrek*, No. 176, Spring 2003, pp. 111-121.

and that of his chosen successors, but the moves were also primarily part of the attempt to transform, albeit again gradually and with caution, Qatar's political landscape by facilitating the transition toward greater democratic participation. They also had the practical goal of establishing and building up Qatar's previously non-existent national electoral infrastructure.

Both Qatar's influential prime minister and foreign minister and the Emir championed this approach in the first five years of their reign. In April 2001, for example, the prime minister stressed the country's determination to press ahead with its active democratisation drive. The following November, in an address to the country's consultative council, the Emir explained his political objectives in the previous few years. It was, he stated, 'satisfactory for our aims to establish the pillars of the state, guarantee rights and freedoms to citizens, incorporate popular participation and preserve our heritage'.²²³

Soon after, he announced that a constituent assembly was 'finalising' its draft constitution. Up to 2001 Qatar had been ruled by a provisional constitution promulgated in 1971 by the previous Emir, which vested all power in the Emir and stated that the Emir must be from the Al-Thani family.

The assembly had been appointed in 1999 with the mandate to produce a constitution setting out the separation of powers between executive, judiciary and legislature within 3 years. It was also required to produce a document that provided for the establishment of a directly elected national parliament. Sheik Hamad bin Khalifa Al Thani also set out detailed plans to establish a constitutional court, a unique move in the Arab Gulf up to that point, to act as Qatar's final interpreter of rights and privileges under the new inoperative constitution.

²²³ Economist Intelligence Unit (EIU), *Country Report: Qatar 2001*, London, 2002.

On completion, the new draft constitution included equal rights for all citizens irrespective of tribal and family affiliations and promised individual freedoms and an independent judiciary. The Emir explained that the new constitution ‘represents the beginning of an important phase of our national action’ and ‘maintains a balance between the legislative and judicial powers, between the rights and obligations of the public and between the interests of the individual and society’.²²⁴

The new proposals were certainly of note. They looked to end rule-by-decree and confer legislative power on an elected legislature to which government ministers were accountable. This move was an explicit attempt to enhance Qatar’s status as a progressive state in a conservative region and to strengthen the country’s political and legal institutions.²²⁵

The new constitution was approved overwhelmingly (by 96.6 percent of the 69,000 votes cast) in a national referendum held in late April 2003. This provided for the establishment of a 45-seat Shura council, two thirds of whose members were to be elected. The highest elected official in Qatar, president of the Central Municipal Council, Ibrahim Haydous, described the council’s establishment as a ‘landmark event intended to give Qataris a voice’.²²⁶

Although all these attempts to broaden and deepen political debate and democratic institutions in the country were important, there remained some significant challenges to overcome in order to ensure that gradual political change was not subject to impediment.

The constitution, for example, was by no means a full or final attempt to address the “democratic deficit” in Qatar. For example, it formalized the hereditary

²²⁴ Economist Intelligence Unit, *Country Report, Qatar 2003*, London, 2004.

²²⁵ On this broader issue see Mehran Kamrava ‘Royal Factionalism and Political Liberalization in Qatar’, *Middle East Journal*, Vol. 63, No. 3 (Summer 2009), pp.401-420.

²²⁶ Steven A. Cook, ‘A Country with no Politics’, *The Weekly Standard*, 22 November 2004.

rule of the Al-Thani by stating that the Emir must be drawn from that family. It also gave the Emir, whose rule was described by article 64 d as ‘inviolable and ...must be respected by all’, the power to appoint one-third of the Shura council, dissolve the body, issue decrees with the force of law, and determine the state budget with only limited input from the legislature.²²⁷

As noted above, the Municipal Council, which was directly elected for the first time in 1999, only had an advisory capacity and could, in theory, be dismissed by unelected ministers. In 1999, the Emir had said he wanted women to fully participate in all facets of that year’s municipal elections. But none of the six women candidates were elected. The low percentage of women who voted for these six candidates underscored the difficulties inherent in integrating women into political life on an equal footing after generations of entrenched and enforced exclusion from the body politic.

Nevertheless, the 1999 elections were the first amongst the GCC countries to allow women to vote, setting an example to Gulf neighbours and removing excuses for blocking emancipation. Though it should also be noted that at the time of the election Qatar had still not ratified the Convention on the Elimination of All Forms of Discrimination Against Women.²²⁸

At the same time, females were making notable strides in terms of access to education (as shall be examined subsequently), and in leadership outside the political sphere, including in socio-economic life. The Emir, for example, regularly appointed women to senior positions. In 2002 his younger sister, Sheikha Hessa Bint Khalifa Al-Thani, was appointed to position of deputy chairman of the Supreme Council of Family Affairs, with cabinet rank. Following its ratification, the constitution included

²²⁷ Louay Bahry, ‘Elections in Qatar: A Window of Democracy Opens in the Gulf’, *Middle East Policy*, Vol. 6, No. 4 (June 1999), pp.118-127.

²²⁸ Johannesburg Summit 2000, *Qatar Country Profile*, Geneva, United Nations, 2000 p. 28.

a clause granting women equality and one woman was elected in the municipal elections, the first female in a GCC state to achieve this.²²⁹

Nor should one underestimate the regional aspect of this, albeit gradual, change in the political sphere. Notably, it was widely discussed at the time whether the timing of the elections in Qatar in March 1999, had influenced the Kuwaiti Emir's subsequent decree on the matter in May 1999.²³⁰

There was similar speculation over whether subsequent political reform efforts in Qatar in the next few years influenced moves in this direction in Bahrain in 2002 where municipal elections were held, followed by legislative elections; there were also legislative elections in Kuwait in July 2003; and the election of an Advisory Council in Oman in October 2003.²³¹

All of this highlights very clearly the central role of the implementation of political reform in Qatar for 'regional contagion' as it has been called.²³² Certainly, this was part of the Emir's vision. In September 2004, in a widely reported speech marking the promulgation of the new Qatari constitution, the Emir made a forceful case for political liberalization in the Middle East before the United Nations General Assembly (UNGA) in New York.

While political reform leading to political participation is one vital pillar of national security, economic and socio-political reform is no less essential for long-term stability. Economic stagnation, mass unemployment, lack of diversification,

²²⁹ Jennifer Lambert, 'Political Reform in Qatar: Participation, Legitimacy and Security', *Middle East Policy Council*, Spring 2011, Volume XVIII, Number 1.

²³⁰ Amy Hawthorne, 'Women Run in Qatar's First Municipal Elections', *Elections Today*, (June 1999), p.6.

²³¹ Meshal al-Sabah, *Gender and Politics in Kuwait: Women and Political Participation in the Gulf*, London, I.B. Tauris 2013.

²³² See Olivier de Lage, 'The Politics of Al Jazeera or the Diplomacy of Doha', in Mohamed Zayani (ed.), *The Al Jazeera Phenomenon: Critical Perspectives on New Arab Media*, London, Pluto Press, 2005.

foreign debt, inequitable income distribution, treatment of foreign workers and wasteful spending are now all recognized as security issues that directly challenge the functioning and even the survival of small states in general, and the small states of the Persian Gulf and Arabian Peninsula in particular.²³³

No country can be secure unless its citizens feel safe and well. This is an increasingly accepted conception of security. While such satisfaction demands that new forms and modalities of political participation be negotiated and implemented between the ruler and the ruled it is also impossible to achieve this without providing opportunities for citizens to be valued members of society.²³⁴

As Bjorn Olafsson has shown, throughout history domestic unity has been a vital factor in the security and stability of small states.²³⁵ A small state with strong national unity will be more difficult to subdue militarily than a larger, more divided one that suffers from ineffective governance and where the leader lacks legitimacy.

Likewise, a state with a considerable degree of local self-reliance (economic as well as political) will be more difficult to divide and rule. As such, while military deterrence and strategic diplomacy make up one vital pillar of national security, economic and socio-political wellbeing are no less essential in contributing to state stability, legitimacy and effective governance.

However, while in the wake of the Arab Spring all this seems obvious, such views gained little attention or interest in previous periods. In part this was a consequence of the fact that following the discovery of oil most Arab Gulf states,

²³³ A.D. Knox, 'Some Economic Problems of Small Countries', in B. Benedict (ed.), *Problems of Smaller Territories*, London, Athlone Press, 1997, pp. 22-44; Muhammed Rumaihi, *Beyond Oil: Unity and Development in the Gulf*, London, Al Saqi Books, 1986.

²³⁴ Mai Yamani, 'Health, Education, Gender and Security of the GCC in the Twenty-first Century', in David E. Long and Christian Koch (eds.), *Gulf Security in the Twenty-First Century*, Abu Dhabi, The Emirates Centre for Strategic Studies and Research, 1997.

²³⁵ Bjorn G. Olafsson, *Small States in Global System: Analysis and Illustrations from the Case of Iceland*, Ashgate, Aldershot, 1998, p.59.

including Qatar, could be described, in the words of J.E. Peterson as ‘post-traditional’.²³⁶ In other words these newly resource rich small states modernized within the traditional confines of the tribal and monarchical order.²³⁷

The rentier model most is the prominent theorization on the development and behaviour of the Arab Gulf countries following an oil boom that saw oil revenues across the Gulf region rise from US\$11 billion in 1971 to US\$210 billion in 1981.

A number of scholars, influenced by Iranian economist Hossein Mahdavy’s 1970 conceptualisation of pre-revolutionary Iran and his attribution of a rentier pattern of development to its oil based economy,²³⁸ borrowed the theme and applied it to the Arab Gulf states.

These included Giacomo Luciani, Hazem Beblawi and others in the seminal book *The Rentier State*.²³⁹ They defined rentier states as having economies predominantly relying on external rent, in this case oil revenues, which sustained them and removed the need for a strong productive domestic sector. This impacted on the state and its relationship with society in two ways.

Firstly, it created distributive states in which the expenditure of the state sector was central to the functioning of the economy. This removed the need to develop an extensive tax base and allowed for the provision of services that were either free or heavily subsidised. This in turn, resulted in a state separated from society, since there was a lack of productive sectors and no dependence on the surplus produced within the private economy. Crucially, rentier economics allowed the state to maintain a

²³⁶ J.E Peterson, ‘The Emergence of Post-Traditional Oman’, University of Durham, Centre for Middle Eastern and Islamic Studies, Working Paper, 2005, pp.5-8, <http://dro.dur.ac.uk/92/1/Peterson.pdf>

²³⁷ Ibid.

²³⁸ Hussein Mahdavy, ‘The Pattern and Problems of Economic Development in Rentier States: The Case of Iran’, M.A. Cook (ed.), *Studies in the Economic History of the Middle East*, Oxford University Press, Oxford 1970, pp.428-467.

²³⁹ Hazem Beblawi and Giacomo Luciani (eds.), *The Rentier State*, London, Croom Helm, 1987.

mutually beneficial corporatist arrangement with selected social groups, therefore lessening the possibility of demands for radical political change and, by extension, for democratisation.²⁴⁰ All this allowed the state to maintain legitimacy without democracy and encouraged the entrenchment of traditional networks of tribe and family as the most effective channels for the distribution of wealth.

A second, more recent, conceptualisation of the development of the region was introduced in Khaldoun Al-Naqeeb's influential book, *Society and State in the Gulf and Arab Peninsula: a different perspective*.²⁴¹ This work presented an alternative to the rentier thesis by blaming the inability of Gulf States to produce an integrated development on their authoritarian structure.

As both the above schools of thought acknowledge, traditionally oil and gas revenues not only enabled rulers to co-opt domestic elites quite openly and to retain their independence from domestic society as the source of state income, but they also expanded resources so astronomically that rulers could create a huge constituency supporting the regime by making the whole population dependent on the state.

Economic reform is always directly related to political reform because political stability relies on economic stability and because political independence demands economic independence.²⁴² This is especially true in small states that use economic progress for political purposes because restructuring the economy is essentially an exercise in consolidating political independence.²⁴³

²⁴⁰ See also G. Okruhlik, 'Rentier Wealth, Unruly Law, and the Rise of Opposition: The political Economy of Oil States', *Comparative Politics*, Vol. 31, No. 4 (1999), pp. 295-315.

²⁴¹ Khaldoun Al-Naqeeb, *Society and State in the Gulf and Arab Peninsula: a different perspective*, London and New York, Routledge, 1991.

²⁴² S. Kuznets, 'Economic Growth of Small Nations', in EAG Robinson (ed), *Economic Consequences of the Size of Nations*, New York, St. Martin's Press, 1960.

²⁴³ R. P. Barston, 'Introduction', in R.P. Barston (ed.), *The Other Powers: Studies in the Foreign Policies of Small States*, London, George Allen & Unwin, 1973, p.25.

In his history of Qatar, Fromherz argues that Qatar in the contemporary period cannot be explained solely by its reliance on oil rents, primarily because the country is still deeply rooted in the outlook and norms of the pre-oil era. As such, he does not accept the rentier model as an adequate explanation for Qatar.²⁴⁴

This is a legitimate point but it is also very possible to argue that on acceding to power in 1995 the new Emir realised that Qatar would also have to look forward to a post-oil, as well as back to a pre-oil era, in order to prosper in the longer term. This, as noted previously in chapter 1, was to be done primarily by investing current resources in order to develop the knowledge economy.

This strategy was not only the key to the country's future economic prosperity, but was also vital for real progress across all sectors because restructuring the economic foundations of the state was a vital prerequisite for political development. As such the Emir embarked on a radical plan to overhaul the socio-economic basis of the country that was directly entwined with, but far more ambitious and comprehensive in scope, than the political reforms he looked to implement over the same period.

These economic reforms covered almost all existing socio-economic sectors most notably education (repeatedly described by the Emir as an integral part of his overall reforms²⁴⁵), sport (as evidenced by the bids for the 2016 Olympic Games and the 2022 World Cup), industry, construction, and the energy and financial sectors, including, for example, a plan by the QIA to invest US\$2 billion to lure asset management firms to Doha.

In a convocation address at the University of Qatar in 2000, Sheik Hamad bin Khalifa Al Thani, speaking in his role as Supreme President of the University,

²⁴⁴ See Fromherz, *Qatar, A Modern History*, chapter 7, pp.111-124.

²⁴⁵ See, for example, Economist Intelligence Unit, *Country Report, Qatar 2003*, London, 2004.

emphasised the necessity of concentrating on ‘scientific and applied specialization’ and on the ‘need for continuous education which has come to take its place in the programs and concerns of contemporary universities’.²⁴⁶

Though post-independence Qatar was by no means one of the major recipients of oil revenues, it had been earning petro-dollars for a much longer period of time than some of its Arab Gulf neighbours such as Abu Dhabi. It was also far less developed than many of its neighbours and, as such, had much less to spend its new wealth on. This gave Sheik Khalifa bin Hamad bin Abdullah bin Jassim bin Muhammed Al Thani the financial resources to introduce some sporadic and uneven socio-economic restructuring of the state by focusing on educational investment.²⁴⁷

This was vital, as before the discovery of oil there had been no formal education system in Qatar. According to a 1970 study, only 9 percent of the population born between 1895 and 1910 were literate, as were 15 percent of those born between 1910 and 1920 and 14 percent of those born between 1920 and 1930.²⁴⁸

Under Sheik Khalifa bin Hamad bin Abdullah bin Jassim bin Muhammed Al Thani the number of children receiving a proper education increased dramatically. In the 1975-76 academic year, 21,402 children attended primary school. In 1982, at a time when there were only 141 schools, a ten-year plan was introduced for the construction of 156 schools, of which 99 were to be built in the suburbs and villages. By the 1985-86 academic year, that number of children attending primary school had risen to 31,844.

²⁴⁶ Johannesburg Summit, 2000, *Qatar Country Profile*, p. 31.

²⁴⁷ ‘News Desk’, *Middle East International*, October 1971, p. 9.

²⁴⁸ Yusif A. Sayigh, ‘Problems and Prospects of Development in the Arabian Peninsula’ p.52; Leslie C. Schmida (ed.), *Education in the Middle East*, Washington D.C., America-Mideast Educational and Training Services, 1983; Gawdat Bahgat, ‘Education in the Gulf Monarchies: Retrospect and Prospect’, *International Review of Education*, Vol. 45, No. 2 (1999), pp.127-136.

By 1986, approximately 5.6 percent of the country's GNP went toward public education and only 10 percent of children in Qatar, compared to 20 percent in Bahrain and 30 percent in Kuwait did not attend school. In the 1988-89 academic year, there were 48,097 students in 97 primary schools taught by 2,589 teachers and 22,178 secondary students in 78 schools taught by 2,115 teachers. At the three vocational schools, there were 924 students and 104 teachers. This number continued to rise into the 1990s as the state continued to cover education costs, including school supplies, transportation and food as part of its social welfare provisions.²⁴⁹

However, as late as 1992, one of the main complaints of the group of prominent Qataris, including senior officials and academics who had issued a petition to the then Emir, was the deterioration in education.²⁵⁰

In response to such criticism, on taking power in 1995, Sheik Hamad bin Khalifa Al Thani immediately and repeatedly stated that investing in a world-class research capacity, higher education and more generally human capital and the knowledge-economy was at the top of the political agenda as doing so was the prerequisite for a small state to be successful in the contemporary world.²⁵¹

This required a fundamental restructuring of knowledge-driven areas such as education, healthcare technology/innovation, financial services and the business services sectors as a major step towards diversifying growth and improve competitiveness.

In order to achieve this, as noted in the previous chapter, the Qatar Foundation for Education, Science and Community Development was founded in 1995. From the outset it was an umbrella organisation to push forward the state's agenda in the areas

²⁴⁹ Sheikha al-Misnad, *The Development of Modern Education in the Gulf*, London, Ithaca Press, 1986.

²⁵⁰ Youseef M. Ibrahim, '54 Qatar citizens petition Emir for free elections', *The New York Times*, 13 May 1992.

²⁵¹ Bjorn G. Olafsson, *Small States in Global System: Analysis and Illustrations from the Case of Iceland*, Ashgate, Aldershot, 1998, p.153.

of education, science and community development. Its establishment gave the state ultimate responsibility and therefore ultimate control over the transformation of these three key sectors.

Parallel to this the government looked to establish third level educational programmes that would become the envy of the world and would, at the same time, increase the opportunities for Qatar's female citizens. In Qatar, as in the rest of the Gulf region, the battle for education and women's rights has always been part of a wider conflict between traditionalists who distrust Western ways and view their entire way of life as being under threat and reformists, impatient for change.²⁵²

The challenge that Sheik Hamad bin Khalifa Al Thani faced on taking power was how to balance modernization with traditional values in both developing a world-class university system and in integrating Qatari females into an educational system, which until the latter half of the twentieth century had completely excluded and ignored them.²⁵³

The first institutions of higher education in Qatar were separate teacher-training colleges for men and women that opened in 1973. Before that, those wishing to pursue higher degrees either studied abroad (mainly in Egypt and Lebanon) or took correspondence courses.

Later in the same decade, in 1977, at a time of rapidly rising oil wealth, the Emir passed a decree establishing the University of Qatar and faculties of humanities, social studies, Islamic studies, and science joined the education faculty of the teacher-training colleges.²⁵⁴

²⁵² For more on Education City and the Qatar Foundation, which oversees its activities, see the Foundation's website, available at <http://www.qf.edu.qa/output/Page1.asp>.

²⁵³ Ayad al-Qazzaz, 'Education of Women in the Arab World', *California State University*, Sacramento, n.d., <http://www.library.cornell.edu/colldev/mideast/awomeduc.html>

²⁵⁴ 'Qatar University: Office of Vice President for Research', <http://www.qu.edu.qa/offices/research/>.

This followed the establishment of universities in Saudi Arabia (King Saud University, 1957) Kuwait (Kuwait University, 1966) and Yemen (Sana'a University, 1970) but came before homegrown universities had been established in Bahrain (University of Bahrain, 1986), Oman (Sultan Qaboos University, 1986) and the UAE (UAE University, 1987).

The impact of the establishment of the University of Qatar on wider society was slow. In the 1989-90 academic year there were 5,637 students at the University of Qatar, and 504 instructors, mostly Egyptians and non-Qatari Arabs. At the same time about 1,000 Qataris received government scholarships to pursue higher education abroad, mostly in other Arab countries and in the United States, Britain, and France.²⁵⁵ By 2008, some 7,200 students were enrolled at the University of Qatar, three-quarters of whom were female.²⁵⁶

By the time Sheik Hamad bin Khalifa Al Thani took power in 1995, illiteracy in Qatar was at 20.8 percent among males. This compared unfavourably with Bahrain (10.9 percent) and Kuwait (17.8 percent) but was superior to the situation in Saudi Arabia (28.5 percent) and the UAE (21.1 percent). However, even at this stage, the Qatari level of female illiteracy (20.1 percent) was lower than in Bahrain (20.6 percent), Kuwait (25.1 percent) Saudi Arabia (49.8 percent) and the UAE (20.2 percent).²⁵⁷

By 2000, according to Qatari government statistics, literacy had reached 88 percent of the population, a figure close to the Gulf average. But while male literacy continued to fall short of the Gulf average, the literacy rate for Qatari females continued to be higher than elsewhere in the Gulf. Similarly, in 1980 only 17 percent of Qatari women entered tertiary education. By 2000, the figure had risen to 36

²⁵⁵ Helem Chapin Metz, ed. *Persian Gulf States: A Country Study*.

²⁵⁶ 'Qatar University: Office of Vice President for Research', <http://www.qu.edu.qa/offices/research/>

²⁵⁷ See *UNESCO Statistical Yearbook, 1997*, Lanham, MD, Bernan Press, 1997, pp. 1:23-1:32.

percent placing Qatar ahead of Kuwait at 32 percent, Bahrain at 28 percent and Saudi Arabia at 25 percent.²⁵⁸

The number of indigenous universities in Qatar rose from 3 in 2001-02 to 5 in 2007-08. This saw a growth rate equal to Oman, which had also established five universities by this time, but less than Bahrain (10), Kuwait (6), Saudi Arabia (25) and the UAE (15). This highlights the fact that over this period of rapid growth in the Gulf's higher education sector Qatar was more cautious than its neighbours in this area contributing only 5 of the 66 universities that operated across the GCC by 2008.²⁵⁹

Qatar under its new Emir also chose to invest heavily in the private education sector, bringing in branch campuses of prestigious western universities to the 2,500-acre Education City campus on the outskirts of Doha. Education City was originally conceived as the largest enclave of American universities overseas, with six branch campuses of prestigious American universities, each responsible for a subject area and bringing in the words of the *New York Times* a 'seedbed of change, with a profound impact on Qatar's future'.²⁶⁰

They six selected were Virginia Commonwealth University (fine arts), Weill Cornell Medical School, Texas A & M University (engineering), Georgetown University School of Foreign Service (International Relations) Carnegie Mellon University (business administration, computer science and information systems) and North Western University (journalism and communication).

²⁵⁸ John Willoughby, 'Segmented Feminization and the Decline of Neopatriarchy in GCC Countries of the Persian Gulf', *Comparative Studies of South Asia, Africa and the Middle East*, Vol. 28, No. 1 (2008), pp.187–189. In 1980 the figures for Kuwait, Bahrain and Saudi Arabia were 15 percent, 5 percent and 5 percent respectively.

²⁵⁹ S. Mukerji and N K Jammel, 'Perspectives and strategies towards collaboration in higher education in the GCC Arab states of the Gulf', *Asian Journal of Distance Education*, Vol. 6, No. 1 (2008), pp. 76-86.

²⁶⁰ Tamar Lewin, 'In Oil-Rich Mideast, Shades of the Ivy League', *The New York Times*, 11 February 2008.

All six were selected largely on the basis of their research records and admission standards, degree requirements and curriculum were intended to be the same as the home campus with research-led teaching a key attraction.

However, branch campuses were never intended to accommodate the large majority of Qatari secondary school graduates who sought academically oriented higher education but did not qualify for or chose not to attend foreign universities. For these graduates, Qatar University (QU) was, and still is, the most appropriate option

These reforms in third level education are just one example, though a very important example, of the highly ambitious strategies for the overhaul of all aspects of the Qatari economy and society that were conceived post-1995.

This goal provided the Emir with three challenges. The first was to introduce a new way of thinking about the value of human capital to development at a time of gradual political liberalization. The second was spending the funds needed to implement this ambitious strategy in a way that minimized social dislocation, instability and opposition at home. The third, as the next chapter will show, was to undertake all this at the same time as introducing a new foreign policy approach.

Chapter 3

A Place at the Table: Re-positioning Qatari External Engagement in an Era of Change, 1995-2001

‘[A small state is one] whose leaders consider that it can never, acting alone or in a small group, make a significant impact on the system’.

Robert Keohane²⁶¹

Qatar declared independence on 3 September 1971, three years after the United Kingdom announced its intention to end its treaties with the Gulf kingdoms and withdraw from the region. Qatar joined the United Nations at the opening of the 26th UN General Assembly session along with Oman and Bahrain after being voted in on 21 September 1971. This brought the number of UN states to 131.

Originally Qatar had intended to join Bahrain and the seven trucial sheikdoms that now make up the UAE in a Union of Arab Emirates, but this failed to take place due to demands made by Bahrain, with its larger educated population, and Qatar due to its oil wealth.²⁶² As one commentator put it at the time, ‘in theory the idea appeals, but in practice results have been disappointing’.²⁶³

Despite being opposed to a continued British military presence after the 1971 withdrawal from the region,²⁶⁴ Qatar’s strategy for maintaining external autonomy

²⁶¹ Robert Keohane, ‘Lilliputians’ Dilemmas: Small States in International Politics’, *International Organization*, Vol. 23, No. 2 (Spring 1969), pp. 291-310, p.296.

²⁶² J.E. Peterson, ‘Qatar and the World: Branding for a Micro-State’, *Middle East Journal*, Vol. 60, No. 4 (Autumn 2006), pp. 732-747, p.737. See also, ‘Qatar pledges support for a Gulf Federation’, *Middle East International*, No 3, June 1971, p. 18.

²⁶³ Michael Field, ‘Rivalry between states leads to lack of cooperation’, *London Times*, 16 December 1970.

²⁶⁴ ‘US-British Memorandum of Conversation on the Persian Gulf’, 13 January 1971, No.93, FRUS, 1969-1976, Vol. XXIV, p. 288.

and security following independence in the early 1970s was conditioned by its experience as a British client.²⁶⁵

It had never received direct aid from London due to its oil wealth but it did receive other practical kinds of support. For example, in 1970, at the request of the Qatari government, British officials undertook a census of the country and, in 1971, again at the behest of the Qatar, Britain agreed to carry out a full economic and development survey in preparation for the imminent arrival of independence.²⁶⁶

In terms of post-independence Qatar's relationship with the Cold War Superpowers, the kingdom had no diplomatic relations with the Soviet Union until 1988. The US, on the other hand, was one of the first countries to recognize Qatar's independence and a US embassy opened in Doha in March 1973. The first resident US ambassador arrived in July 1974 and the foundations of this deepening strategic relationship between the US and Qatar preceded Saddam Hussein's invasion of Kuwait in August 1990.

During the Iran-Iraq war of 1980-1988, the bilateral US-Qatari relationship developed greatly. It was reported that Qatar had pledged storage facilities for US medical supplies and jet fuel among other items.²⁶⁷ As such, the late 1980s were a time of practical cooperation between the US and Qatar in the face of regional instability brought on by the Iran-Iraq conflict. This period was also, however, a time of tension in the bilateral US-Qatari relationship.

Through the 1980s Qatari relations with Bahrain were strained, with friction involving Hawar and the adjacent islands, which both countries claimed as their own.

²⁶⁵ Mary Ann Tetreault, 'Autonomy, Necessity, and the Small State: Ruling Kuwait in the Twentieth Century', *International Organization*, Vol. 45, No. 4 (Autumn, 1991), pp. 565-591, p.566.

²⁶⁶ Ralph Izzard, 'A Far cry from the bad old pirate days', *London Times*, 16 December 1970.

²⁶⁷ Yousseff M Ibrahim, 'US Quietly gets Gulf states aid against Iranians', *The New York Times*, 10 October 1987. For its part Bahrain provided naval mooring facilities while Saudi Arabia provided surveillance and other intelligence assets to the US.

Neither Qatar nor Bahrain were able to agree on a compromise mediated by the GCC. In March 1982, the GCC Ministerial Council reviewed the dispute and expressed its regret that both parties had felt ‘unable to adhere to the principles embodied by the basic statutes of the GCC and were clashing in contradiction to the prevailing spirit among the GCC states’.²⁶⁸

In 1982 and 1983 the two countries almost came to blows as a result of these differences. Both states put their military on alert and, in April 1986, Qatari military helicopters landed on an uninhabited island of Fasht al-Debel and arrested all 39 foreign workers surveying the area for a Dutch construction company hired by Bahrain to build a coast guard base.²⁶⁹ Subsequently, both expelled each other’s citizens, cut all communications links with each other, including flights by the jointly-owned Gulf Air, and criticised each other in their respective media outlets.²⁷⁰

In mid-1988, Qatar challenged the US decision to sell Bahrain 70 Stinger missiles,²⁷¹ the state of the art portable heat-seeking missile. Air-to-air and surface-to-air capabilities have always been of great importance in the Gulf because no regional state has been able to assume that it will find itself with air superiority in any conflict without external assistance. And the Stinger was highly prized because they had been a key factor in the success of anti-Soviet guerrillas in Afghanistan against Soviet airpower throughout the 1980s. In turn, President Ronald Reagan’s administration in Washington was angered by Qatar’s refusal to turn over American-made Stinger

²⁶⁸ GCC Ministerial Council: Third Session Statement, 9 March 1982, reprinted in R.K. Ramazani, *The Gulf Cooperation Council: Record and Analysis*, Charlottesville, University of Virginia Press, Document 64, p. 116.

²⁶⁹ Abd al-Hadi Khalaf, ‘The Elusive Quest for Gulf Security’, *Middle East Report*, No. 148, Sep-Oct 1987, pp.19-22.

²⁷⁰ Rosaemarie Said Zahlan, *The Making of the Modern Gulf States: Kuwait, Bahrain, Qatar, United Arab Emirates, Oman*, Reading, Garnet Publishers, 2nd edition, 1998.

²⁷¹ Elaine Sciolino, ‘Qatar Rejects US Demand for Return of Illicit Stingers’, *The New York Times*, 28 June 1988.

missiles purchased on the black market six months after Congress had passed a law forbidding the US administration from selling Stingers to countries in the Gulf region.

While Qatari officials admitted purchasing the weapons they refused to divulge their source, though it was widely assumed that Iran, which had offered to sell these weapons on the open market, had been the supplier.²⁷² Qatar also refused to relinquish the weapons to the US or to allow an inspection.²⁷³ This dispute froze planned economic and military cooperation, and Congress approved a ban on arms sales to Qatar (Section 566(d), P.L.100-461) until the months leading up to the 1991 Gulf crisis.²⁷⁴

The ban was formally repealed under the Foreign Operations Export Financing and Related Programs Appropriations Act of 1991 (Section 568(b), P.L.101-513), following information provided by the Bush administration ‘that it is in the national interest to reestablish United States-Qatari security relations because of their support for United States troops in the Middle East’.²⁷⁵

This whole affair was little more than a footnote in Washington’s engagement with the Arab Gulf in the late 1980s. The Reagan administration was preoccupied with far more pressing challenges including the instability being caused by the seemingly unending Iran-Iraq war and the post-war situation in the region following the ceasefire of August 1988. But it is important in terms of the relationship between tiny Qatar and the American superpower. Despite the fact that the GCC states were increasingly reliant on the US for security by 1987-88, when the Stinger issue came to

²⁷² ‘Who’ll buy my lovely missiles’, *The Economist*, 17 December 1988, p. 66.

²⁷³ Elaine Sciolino, ‘Qatar Rejects U.S. Demand For Return of Illicit Stingers’, *The New York Times*, 28 June, 1988.

²⁷⁴ Patrick E. Tyler, ‘U.S. Drawn Into Gulf Dispute - Stray Stingers Tied To Qatar-Bahrain Tiff’, *Washington Post*, October 6, 1988. The Stinger issue was settled when Qatar destroyed the missiles in question in 1990.

²⁷⁵ Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Congressional Service Report, 16 May, 2011, p.8.

the fore, Qatar was unwilling to give in to American pressure on the matter. In terms of small state relations with major powers this was by no means the norm and was a portent of relations to come between Qatar and the US.

In the wake of the Cold War, in the years immediately preceding Sheikh Hamad bin Khalifa Al Thani's rise to power, Qatar now looked to answer for itself the perennial question of how much can a small state do by itself to ensure its own security. Like many small states outside Europe, the end of the Cold War did not radically alter the threat perceptions and challenges facing Qatar. Its priorities remained homeland defence, maintaining access to, and stability in, the sea-lanes of the Gulf and maintaining the regional military balance.

All three of these priorities faced a direct challenge following the Iraqi invasion of Kuwait on 2 August 1990.²⁷⁶ The following December, Qatar's then Emir told the eleventh annual Gulf Cooperation Council (GCC) Summit in Doha, the first top-level meeting of the GCC organisation since the invasion of Kuwait the previous August, that 'things cannot be allowed to proceed as they were before'.

This frank and prescient speech also acknowledged that the region would need to 'establish a more effective security system' in response to the 'vicious Iraqi invasion of the sisterly state of Kuwait'. The Emir also reminded his audience that recent events had 'upset all the realities and standards which we had taken for granted regarding the basis of inter-Arab relations, the concept of Gulf security, and Arab

²⁷⁶ For detailed analyses of the 1990-91 Gulf Crisis see A.F. Cooper, R.A. Higgot and K.R. Nossau, 'Bound to Follow? Leadership and Followership in the Gulf Conflict', *Political Science Quarterly*, Vol. 106, No. 3 (1991), pp. 391-410; Lawrence Freedman and Efraim Karsh, *The Gulf Conflict, 1990-1991: Diplomacy and War in the New World Order*, London, Faber and Faber, 1993; Richard K. Herrmann, 'The Middle East and the New World Order – rethinking US political strategy after the Gulf War', *International Security*, Vol. 16, No. 2 (1991), pp.42-75; F. Gregory Gause III, *The International Relations of the Persian Gulf*, Cambridge, Cambridge University Press, 2010.

security'. The Gulf crisis, he concluded 'makes it imperative upon us to review and reassess' long-held beliefs.²⁷⁷

This review and re-assessment became 'imperative' only following the Iraqi invasion because it had shown Qatar and its other small neighbours that the GCC as a regional security mechanism had failed to neutralise the threat from larger neighbours.²⁷⁸

In August 1990, US Secretary of Defence Dick Cheney visited Qatar where he met the current Emir, Sheik Khalifa bin Hamad b Al Thani. Cheney was the highest-ranking US official to visit Qatar and there was significant speculation that Cheney's objective in visiting Doha was to gain permission for the US to establish forward bases in the country.²⁷⁹

Less than one week later such speculation was proved correct when Qatar joined Saudi Arabia, Bahrain and the UAE in making military facilities available to the US.²⁸⁰ By January 1991 there were almost 1,000 US service personnel (900 men and 48 women) stationed in Qatar, making up the 401st Tactical Fighter Wing.²⁸¹

On one level this newfound military partnership was surprising to many in both countries. The reality was that despite almost two decades of evolving diplomatic and strategic ties prior to the Gulf Conflict of 1990-91, Qatar was virtually unknown in the US. As one senior US Air Force officer told the media, on being told he was going to the country: 'I grabbed my National Geographic and looked it up myself to figure out where we were going'. As the United States Information Service officer in Doha

²⁷⁷ Judith Miller, '6 Gulf Nations meet on preventing invasions', *The New York Times*, 23 December 1990.

²⁷⁸ A. Plascov, *Security in the Persian Gulf: Modernization, Political Development and Stability*, Totowa, N.J., Osmun and Co., 1982.

²⁷⁹ Michael R. Gordon, 'Cheney, on Quick Tour, Reaches Agreement on More Bases in the Gulf', *The New York Times*, 21 August 1990.

²⁸⁰ 'Qatar offering Installations to Foreign Forces in the Gulf', *The New York Times*, 28 August 1990.

²⁸¹ Judith Miller, 'In Qatar, Forgotten US Warriors Wait', *The New York Times*, 25 December 1990. This was complemented by 550 Canadian pilots and support staff and some 60 members of the French Air Force.

explained in December 1990, 'this is a place that tends to get overlooked. Reporters weren't exactly flocking here'.²⁸²

Nevertheless, as noted by the Qatari Emir in his statement to GCC leaders discussed above, the invasion of Kuwait in August 1990 had forced Qatar along with its GCC partners to fundamentally rethink the strategic, diplomatic and security foundations of the entire region.

In the early months of the crisis Qatar, along with Saudi Arabia, Kuwait, Venezuela and the UAE, had formed a block within OPEC opposed to excessively high oil prices and their adverse consequences.²⁸³ The oil price spiked immediately towards US\$40 per barrel but by the time that Iraqi forces fled Kuwait in February 1991, prices had dropped to below US\$20 per barrel.²⁸⁴

The arrival of US troops had slowed the flight of capital from the region that occurred following Saddam's invasion of Kuwait, but was not enough to prop up the recent renaissance in the Gulf financial institutions that followed the end of the eight-year long Iran-Iraq war. Qatar, along with the UAE, had been hit less hard by the Gulf crisis than other regional economies. Qatar (and UAE) needed to borrow less and reduce their external assets less to pay for the war than their neighbours.²⁸⁵ But even before the conflict its oil revenues were not large enough to make a major contribution to the economic reconstruction of the region.²⁸⁶

Nevertheless, Qatar, along with the G-7 countries, the European Commission, Saudi Arabia, Kuwait, the UAE and South Korea, was a member of the Gulf Crisis

²⁸² Judith Miller, 'In Qatar, Forgotten US Warriors Wait', *The New York Times*, 25 December 1990.

²⁸³ See Lawrence Freedman and Efraim Karsh, *The Gulf Conflict, 1990-1991*, p.184.

²⁸⁴ Robert Looney, 'Oil Prices and the Iraq War: Market Interpretation of Military Developments', *Strategic Insights*, 1 April 2003.

²⁸⁵ Fareed Mohamedi, 'State and Bourgeoisie in the Persian Gulf', *Middle East Report*, No 179, Nov-Dec 1992, pp.35-37, p36.

²⁸⁶ Yahya Sadowski, 'Arab Economies after the Gulf War: Power, Poverty and Petrodollars', *Middle East Report*, No. 70, May-June 1991, pp. 4-7, p.7.

Financial Co-ordination Group. Chaired by US Treasury Secretary Nicholas Brady, the group was tasked with coordinating US\$16 billion to Turkey, Jordan and Egypt, the three front-line states whose economies were most damaged by the UN sanctions against Iraq.²⁸⁷ In the wake of the Gulf Crisis, Qatar, along with other GCC states, also cemented economic ties with Egypt and Syria, providing funds to both countries and signing an agreement on trade and economic and technical cooperation with Syria in January 1991.²⁸⁸

During the crisis and subsequent war Doha served as a base for offensive strikes by French, Canadian, and US aircraft against Iraq and the Iraqi forces occupying Kuwait, but Qatari territory remained minimally affected by the conflict. Qatar's contribution was not limited to providing a base for US and other coalition forces. Arab forces were deployed closest to the Kuwait frontier, with US, French and British troops to the rear. Once the main military operations began Qatari forces participated in the combined Arab fighting force also made up of troops Kuwait, Saudi Arabia, Egypt and Syria.²⁸⁹

In late January 1991, Qatari and Saudi forces successfully engaged Iraqi troops in the small Saudi border town of Ra's al-Khafji, on the coastal road leading south from Kuwait into Saudi Arabia's oil rich Eastern Province. The clash resulted in dozens of Iraqi fatalities and hundreds of prisoners, while the coalition Arabs lost 19 killed and 36 wounded.²⁹⁰

²⁸⁷ The World Bank estimated that Turkey's financial shortfall for 1991 caused by the crisis would be between US\$6-7 billion and that Egypt and Jordan would require US\$2-4 billion.

²⁸⁸ A.F. Cooper, R.A. Higgot and K.R. Nossau, 'Bound to Follow? Leadership and Followership in the Gulf Conflict', *Political Science Quarterly*, Vol. 106, No. 3, 1991, pp. 391-410.

²⁸⁹ See Lawrence Freedman and Efraim Karsh, *The Gulf Conflict, 1990-1991*, p.393

²⁹⁰ Thomas Ferraro, 'Allies Retake Saudi City', *United Press International*, 31 January 1991 and Joseph Albright, 'Marines Take Credit for Khafji Victory', *Atlanta Journal and Constitution*, 3 February 1991. See also Freedman and Karsh, *The Gulf Conflict, 1990-1991*, p.365.

For Qatar, which had been historically sensitive to outside military intervention in the Gulf, Operations Desert Shield and Desert Storm of 1990-91 forced a reconsideration of the role of the US, now the sole global superpower.²⁹¹ Qatar, along with the other smaller Arab Gulf states, increasingly perceived the US, which had never wielded so much power in the international system, as a guarantor of security assistance.²⁹²

On 23 June 1992, Qatar and the US signed a bilateral defence cooperation agreement that provided for US access to Qatari bases, pre-positioning of United States materiel, and future combined military exercises.²⁹³ According to figures for 1989, prepared by the United States Arms Control And Disarmament Agency, Qatar recorded the highest per capita military expenditures of any country in the world. Although Qatar steadily built up its military equipment levels and capabilities during the 1990s military spending was far less in both dollar terms and in terms of percentage of total annual imports than its GCC neighbours. In fact its arms imports as a percentage of total imports fell consistently in the first five years of the 1990s. In 1990 arms imports were 5.9 percent of imports. This fell to 1.2 percent of imports in 1991, 2.1 percent in 1992 and zero in 1993 and 1994.²⁹⁴

²⁹¹ For discussions on America's post Cold War and post-Gulf Crisis global standing see Charles Krauthammer, 'The Unipolar Moment', *Foreign Affairs*, Vol. 70, No. 1, 1991, p.23-33 and See Nikki Keddie, 'The end of the Cold War and the Middle East', Michael Hogan (ed.) *The End of the Cold War: Its Meanings and Implications*, Cambridge, Cambridge University Press, 1992, pp.151-160.

²⁹² Anthony H. Cordesman, *Bahrain, Qatar, Oman and the UAE: Challenges of Security*, Boulder, CO: Westview Press, 1997.

²⁹³ By late 1992 Kuwait, Bahrain and Oman, as well as Qatar had defence agreements with the US and the UAE was in the process of signing a similar agreement. See Michael C. Hudson, 'The Middle East under Pax Americana: How New, How Orderly?', *Third World Quarterly*, Vol. 13, No. 2 (1992), pp. 301-316 and Cyrus Bina, 'Global Oil and Unviability of Pax Americana', *Economic and Political Weekly*, Vol. 27, No. 28, July 11, 1992, pp. 1467-1469

²⁹⁴ Joe Stork, 'The Middle East Arms Bazaar after the Gulf War', *Middle East Report (MERIP)*, No. 197, Nov.-Dec. 1995, pp. 14-17, p.16. See also US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1995*, Washington D.C., US Government Printing office, April 1996, Table II-Arms Transfer Deliveries and Total Trade, 1984-1994. In comparison the UAE imported arms equivalent to 12.5 percent of imports in 1990; 2.7 percent in 1991; 2.1 percent in 1992; 2.2 percent in 1993 and 1 percent in 1994. The figures for Kuwait were 7 percent in 1990; 10.1 percent in 1991; 13.8 percent in 1992; 10.7 percent in 1993 and 1.2 percent in 1994. Saudi figures were 32.4

However, for a small state, arms sales are not only economic considerations. They are also important as an expression of strategic and political cooperation and even partnership. In particular, they raise the vital question of ‘operability’. The purchase of advanced weaponry always requires integration into existing capabilities, which in turn increases dependence on foreign personnel (in contrast to the quest for greater self-sufficiency in other areas).

In the case of Qatar, the deepening of a military purchasing relationship with the US also meant a growing reliance on US-manufactured systems and US technicians. Michael Handel has also convincingly argued that on top of issues of operability, high Research and Development (R&D) costs for military technology forces small states (even wealthy ones like Qatar) to import weapons, which in turn makes them further dependent on the seller.²⁹⁵

Moreover, one driving factor in the quest for advanced weaponry that was noticeable in the context of evolving US-Qatari relations was the lack of available qualified manpower and a small pool of personnel to draw from. Manning levels in the Qatari military were as low as 8,000 in the early 1990s.²⁹⁶

Qatar’s embrace of US protection as a pillar of its security doctrine was reciprocated by a greatly improved image of Qatar in the US as a desirable security partner following Operations Desert Shield and Desert Storm of 1990-91. In turn, post-1991 Qatar exhibited an open willingness to permit the US air force (as well as

percent in 1990; 32.4 percent in 1991; 25.6 percent in 1992; 24.1 percent in 1993 and 22.3 percent in 1994. See US Arms Control and Disarmament Agency, *World Military Expenditures and Arms transfers 1995*, Washington DC, US Government Printing office, April 1996, Table II-Arms Transfer Deliveries and Total Trade 1984-1994.

²⁹⁵ Michael I. Handel, *Weak States in the International System*, London and New York, Routledge, 2nd edition, 1990, pp. 83-90.

²⁹⁶ Anthony H. Cordesman and Khalid R. Al Rodhan, *Gulf military forces in an age of asymmetric wars*, Vol. 1, Washington, D.C., Center for Strategic and International Studies (CSIS), 2006, Chapter 5, Qatar, pp.145-163. In 1989, on the eve of the Kuwait crisis, force ratios in Qatar were fifteen per 1,000. This compared to Oman and the UAE, both of which had about twenty men in uniform per 1,000 population. For their part, Bahrain and Kuwait had manpower levels of about ten per 1,000 population.

those of Canada and France) to operate from its territory. This resulted in a transformation of bilateral military and strategic relations including a nascent relationship with NATO that would develop greatly from the early 2000s, culminating in extensive cooperation in the final years of Emir Hamad bin Khalifa Al Thani's reign.

In 2004, for example, Qatar joined the NATO-sponsored Istanbul Cooperation Initiative (ICI), a forum intended to contribute to long-term global and regional security by offering countries of the broader Middle East region practical bilateral security cooperation with NATO. Qatar was one of 4 GCC members to accept the initial invitation to participate. Through the ICI, as the NATO secretary-general would say a number of years later, Qatar engaged in both good practical cooperation and active political dialogue with NATO, which had created mutual confidence and understanding.²⁹⁷

Parallel to the US and NATO Qatar also continued to develop relations with other major international powers. In 1971 Qatar had entered into a special defence relationship with France when it gained independence from Britain in 1971, purchasing an estimated 70 percent of its arsenal from French firms over the 1970s and 1980s. Despite US dominance post-1991 France and Britain, continued to provide security guarantees and military hardware and training to Qatar.

In mid-November 1996, for example, Qatar signed a US\$500 million arms deal with the UK shortly after a visit to the country by then British defence minister, Michael Portillo. Two years earlier, in 1994, Qatar and France had signed a defence agreement, which led to a major purchase of 12 Mirage 2000-5 fighter aircraft for

²⁹⁷ Secretary General and Qatari Prime Minister discuss Partnership, 1 March 2012 http://www.nato.int/cps/en/natolive/news_84807.htm.

US\$1.4 billion.²⁹⁸ This deal was consolidated by the signing of a bilateral defence agreement in 1998,²⁹⁹ which resulted in what French officials described as ‘a semi-permanent presence’ of French military personnel on Qatari soil.³⁰⁰

In these terms, as well as many others, the Gulf crisis and its economic, military and geo-strategic consequences opened a new chapter in the history of Qatar, bringing new challenges and opportunities in both the security and economic sphere that would have to be addressed with its neighbours, regional and external partners and most of all at home in the coming years.

All this took place parallel to an evolving Qatari regional agenda that increasingly saw Qatar look to develop ties with its neighbours and to present itself as a regional peace broker. Speaking at the opening of the GCC summit in 1983, the then Emir had been clear that ‘divisions are a very serious threat to the destiny of our nation’.³⁰¹

When his son, the new Emir, came to power in 1995 he built on this worldview by developing a policy based on an unprecedented, ambitious and innovative engagement abroad that complemented the socio-economic and political change at home that was examined in chapter 2. In the period after 1995, Qatar began to implement a foreign policy that would come to contradict many of the established conventions about how small, resource rich, states operate in the foreign policy sphere

²⁹⁸ William D. Hartung, ‘Keeping up with the French’, *Middle East Report*, No. 197, Nov-Dec. 1995, p. 18.

²⁹⁹ These agreements are said to have ‘committed France to participate, under certain conditions, to the defence of Qatar against an external aggression’. In March 2003, on the eve of the US invasion of Iraq, France sent a chemical weapons unit to Qatar as a result of ‘defence agreements and to respond favourably to all requests from Qatar to ensure the protection of its territory and population’. See Rene Andre, *Rapport fait au nom de la Commission des affaires etrangeres sur le projet de loi autorisant l’approbation de l’accord entre le Gouvernement de la Republique francaise et le Gouvernement de l’Etat du Qatar*, National Assembly, 16 June 1999, p.7. Apart from its security commitment to Djibouti (1977), France in the post 1991 era also entered into security agreements with Kuwait (1992) and the UAE (1996 and 2009).

³⁰⁰ Economist Intelligence Unit, *Qatar Country Report 4th Quarter 1998*, London, January 1999.

³⁰¹ Statement by Sheik Khalifa ibn Hamad Al-Thani, Emir of Qatar, at the Opening of the Fourth GCC Supreme Council Summit 7 November 1983, reprinted in R.K. Ramazani, *The Gulf Cooperation Council: Record and Analysis*, Charlottesville, University of Virginia Press, Document 89, p. 156.

in order to ensure state survival.³⁰² In doing so, the country would challenge one of the most widely accepted arguments in the small state literature, David Vital's postulate that 'weakness' is the 'most common, natural and pervasive view of self in the small state'.³⁰³

Sheik Hamad bin Khalifa Al Thani's accession to power in June 1995 and the subsequent political reforms he looked to implement, notably the move towards a more inclusive electoral and institutional framework, were viewed with both concern and suspicion across the region, most notably in Bahrain, the UAE and Saudi Arabia. Indeed, his rise to power was followed almost immediately by cabinet reshuffles in Bahrain (the first since the 1970s) and in Saudi Arabia, where 15 new ministers were appointed, in the most dramatic political change in the kingdom for almost two decades.

The message was clear. Substantive changes under the new Emir of Qatar had implications that would transcend the country's borders. This was true in the external and diplomatic spheres as well as the realm of domestic politics and was a stark reminder that it is always difficult to draw a dividing line between economic and political, domestic and external motives or consequences in international relations.

This is all the more true of small states. Some observers believe that the task of state building in small states should be solely focused on economic rather than foreign policy issues.³⁰⁴ Certainly, in the first decade after independence, Qatar's foreign policy was intertwined with, and to a great extent driven by, its economic development.

³⁰² Miriam Fendius Elman, 'The Foreign Policies of Small States: Challenging Neorealism in its Own Backyard', *Journal of Political Science*, p.212; J.A.K. Hey (ed.) *Small States in World Politics: Explaining Foreign Policy Behaviour*, Boulder, CO, Lynne Rienner, 2003.

³⁰³ David Vital, *The Inequality of Small States*, New York, Oxford University Press, 1967, p. 33.

³⁰⁴ Robert Good, 'State-Building as Determinant of Foreign Policy in the New States', in L. Martin (ed.), *Neutrality and Non-Alignment: The New States in World Affairs*, New York, Praeger, 1962, p.3-12.

As will be seen in chapter 4, the fundamental challenges of restructuring the economy, building up financial reserves and moving from oil to gas as part of its diversification strategy were political as much as economic priorities. Similarly, just as the modernization process and the public expectations it engendered were to a great extent economic in nature they also had profound political implications.

However, it was very apparent for Qatar, a small country with a tiny indigenous population sandwiched between vastly larger and more powerful historical competitors, that the ambitious domestic reforms initiated and implemented in the post-1995 era were directly related to the new Emir's attempt to tackle the perennial challenge of achieving a balance between internal socio-economic and political development and security and stability in the regional and international arenas.

In other words, there was little point in undertaking unprecedented political and economic reforms at home only to abdicate responsibility for regional and international developments that had a direct impact on Qatar but over which Qatar previously had little or no influence over.

In these terms, Qatar in the period under analysis provides credibility to the argument of scholars like Elman who have challenged the 'theoretical primacy' granted to neo-realism in the study of small state behaviour and instead have argued that small state behaviour is not immune from domestic political influences and that 'causal primacy' granted to international explanations of small state behaviour is unwarranted.³⁰⁵

As noted in the previous chapter, three of Qatar's GCC partners—Bahrain, the UAE and Saudi Arabia, as well as other Arab states outside the Gulf, notably Egypt—had backed Emir Khalifa bin Hamad bin Abdullah bin Jassim bin Muhammed Al-

³⁰⁵ Miriam Fendius Elman, 'The Foreign Policies of Small States: Challenging Neorealism in its Own Backyard', *Journal of Political Science*, p.175.

Thani to varying degrees both before and after his failed counter-coup attempt against his son, the new Emir, in early 1996.³⁰⁶ This resulted in Qatari officials regularly accusing the governments of all three of its GCC neighbours of promoting opposition to the new Emir and of interfering in the country's domestic affairs.

What preoccupied and disturbed these countries was not simply the new Qatari ruler's vision for political reform at home. Another consideration was the fact that prior to becoming Emir Sheik Hamad bin Khalifa Al Thani had been largely responsible for establishing Qatar's pre-existing reputation as a 'maverick' in the Gulf that caused 'discomfort and alarm' to neighbouring states.³⁰⁷

All the more so as Sheik Hamad had been willing to take a stand against Saudi Arabia in the name of Qatari independence, while his predecessor had earned a reputation as deferring to Saudi Arabia in many matters related to foreign policy and maintaining strict prohibitions against criticism of his gulf neighbour, the dominant player in the Gulf.

Qatar was one of the few Arab countries to observe the full forty-day mourning period after the assassination of Saudi Arabia's King Faisal ibn Abd al Aziz Al Saud in March 1975 and the death of King Khalid ibn Abd al Aziz Al Saud in 1982. The two countries signed a bilateral defence agreement in 1982 and on several occasions Saudi Arabia acted as mediator in territorial disputes between Qatar and Bahrain in the age-old rivalry between the al-Khalifas of Bahrain and the al-Thanis of Qatar.³⁰⁸

³⁰⁶ In May 2010 the Qatari Emir pardoned a number of Saudis implicated in the attempted 1996 coup. See Sultan Soud AL Qassemi, 'How Saudi Arabia and Qatar Became Friends Again', *Foreign Policy*, 21 July 2011.

³⁰⁷ See 'A pebble in the pond', *The Economist*, 1 July 1995, p. 54; Douglas Jehl, 'Young Turk of the Gulf: Emir of Qatar', *The New York Times*, 10 July 1997.

³⁰⁸ Sir Rupert Hay, 'The Persian Gulf States and their Boundary Problems', *The Geographical Journal*, Vol. 120, No. 4 (Dec. 1954), pp. 433-443.

But during the early 1990s, as Sheik Hamad bin Khalifa Al Thani's influence increased in his role as Qatar's Deputy Emir, there was a noticeable rebalancing of Qatari-Saudi bilateral relations. The two countries had been involved in a border dispute over Abu al-Khufus since 1965, when a British brokered memorandum of understanding on borders was concluded. In 1974, the UAE ceded to Saudi Arabia a portion of a territory adjacent to Qatar. Subsequently, Saudi Arabia claimed a strip situated between the UAE and Qatar. This matter was not resolved to the satisfaction of either party.

During Iraq's invasion of Kuwait in 1990, Saudi Arabia requested permission from Qatar to deploy its forces on Qatari soil. Taking a cautious stand, Qatar denied Saudi forces access to its territory, instead setting up the Khafous border post to monitor Saudi deployments. In September 1992, tensions culminated over different interpretations of the 1965 agreement on border demarcations when Saudi forces allegedly attacked a Qatari border post, resulting in two deaths.³⁰⁹

In response, Qatar suspended the un-ratified 1965 border agreement with its larger neighbour and withdrew from GCC military exercises, intended to protect the borders of Saudi Arabia and Kuwait against any future Iraqi attack. There were further tensions in October 1993 and into 1994, while a diplomatic disagreement saw Qatar boycott the November 1994 GCC summit conference.³¹⁰

By the time Sheikh Hamad bin Khalifa Al Thani succeeded his father in 1995, the perception of Qatar as a pliant satellite of Saudi Arabia had been significantly reduced. Following his accession to power, relations between Saudi Arabia and Qatar

³⁰⁹ 'Doha-Riyadh: The Tree and Forest of the Boundaries Problem', *Al-Usbu' al-'Arabi*, 12 October 1992. See also 'Qatar Demand Saudis Leave a Disputed Post', *The New York Times*, 4 October 1992.

³¹⁰ Anthony H. Cordesman, *Saudi Arabia Enters the Twenty-first Century: The political, foreign policy, economic, and energy dimensions*, Westport, CT, Praeger, 2003.

boiled over again when Doha questioned the choice of a Saudi candidate to take over the position of secretary general of the GCC.

Although the GCC had no formal rules regarding the nationality of the secretary general, Qatar claimed that the rotation should be conducted alphabetically, which conveniently would have favoured a Qatari choice, as the previous job holders had been Kuwaiti and Omani, respectively. Faced with strong opposition from Saudi Arabia and its allies, the new Emir and his foreign minister walked out of the GCC meeting. Following this diplomatic incident, Saudi Arabia publicly welcomed the deposed Emir, as did the governments of Bahrain and the UAE, thus providing the former ruler the opportunity to publicly express his determination to regain power.

Robert Good has argued that foreign policy in small states primarily serves to establish the identity of the state, to keep an “in-group” in power and to reduce foreign influence at home.³¹¹ Sheik Hamad bin Khalifa Al-Thani evolving ‘iconoclastic’³¹² approach to international affairs, did attempt to achieve all of these objectives.

But the Emir’s actions also highlighted the importance of the role and personality of the leader of a small state in setting out and defining the nation’s involvement in the international arena. In a prescient article written immediately after Sheik Hamad bin Khalifa Al-Thani took office in 1995, *The Economist* magazine noted that the new Qatari leader was likely to be a master of the ‘time-honoured small-country ploy of playing bigger neighbours off against each other’. This was

³¹¹ Robert Good, ‘State-Building as Determinant of Foreign Policy in the New States’, p.3-12. See also, Christopher Hill, ‘Theories of Foreign Policy Making for the Developing Countries’, in Christopher Clapham (ed.), *Foreign Policy Making in Developing States*, London, Saxon House, 1977, pp. 1-11.

³¹² Douglas Jehl, ‘Young Turk of the Gulf: Emir of Qatar’, *The New York Times*, 10 July 1997.

most certainly the case. It was also true that, at least up until the Arab Spring, ‘rigorous neutrality’ was also one of the ‘hallmarks’ of Qatar’s foreign policy.³¹³

However, as this dissertation argues, Qatar’s invigorated external engagement post-1995 also challenged some long-established theories about the role of small states in the international system.³¹⁴ Notably, over the next decade and a half Qatar would challenge another of Vital’s foundational arguments that the smaller the state ‘the less viable it is as a genuinely independent member of the international community’.³¹⁵ The country’s foreign policy actions would also challenge Handel’s theory that while a weak (small) state may enjoy certain advantages as a ‘free rider’ in matters of security it cannot develop an independent policy in international affairs.³¹⁶

There is no doubt that the size and sophistication of a state’s population influences its foreign policy both in terms of ambition and execution even in such mundane matters as having the capacity to staff foreign ministries and missions abroad with qualified officials.

In the 1940s, to take one historical example, Saudi Arabia was opposed to the establishment of Arab League information offices in London, Washington and Geneva because it was embarrassed by the lack of qualified Saudi candidates capable of filling the posts and was jealous of the fact that Iraq and Egypt—the two dominant members of the nascent Arab League—had no trouble finding suitable appointees.³¹⁷

On the other hand, the Qatari experience does provide credibility to the argument of Olafsson, based on his analysis of the Icelandic model, that while in

³¹³ David B. Roberts, ‘Understanding Qatar’s Foreign Policy Objectives’, *Mediterranean Politics*, Vol. 17, No. 2 (2012) pp. 233-239, p.237.

³¹⁴ W.E. Patterson, ‘Small States in International Politics’, *Cooperation and Conflict*, Vol. 4, No. 1 (1969), pp. 119-123.

³¹⁵ David Vital, *The Inequality of States*, p. 1.

³¹⁶ Michael Handel, *Weak States in the International System*, p.149.

³¹⁷ See Rory Miller, ‘More Sinned Against than Sinning: The Case of the Arab Office Washington, 1945-1948’, *Diplomacy and Statecraft*, Vol. 15 (2004), pp.303-325.

objective terms small states are suboptimal from the point of view of security and may also be suboptimal as political and economic units in the global system, there are 'no serious disadvantages resulting from the small size of states in the global system'.³¹⁸

Moreover, a sovereign state, however small, has a certain status in the international community that is valuable in, and of, itself. A small sovereign state can participate in international organisations and regimes, most notably the United Nations (UN), on a formally equal footing with much larger states.

For its part Qatar, which had been an early supporter of the Arab Monetary Fund, as well as a host of other Arab League affiliates, became a member of the UN in September 1971, soon after it proclaimed independence. From this time onwards, it was a member of several of the UN's specialized agencies, including the International Civil Aviation Organization (ICAO), the Food and Agriculture Organization, the International Labour Organisation (ILO), the World Health Organization (WHO), the Universal Postal Union, (UPU) and the United Nations Educational, Scientific, and Cultural Organization (UNESCO).³¹⁹ During the 1970s, it also contributed to international development through recycling of a percentage of its petro-dollars into the developing world.³²⁰

During the Cold War Qatar was also active in the non-aligned movement, sending representatives to its conferences, and providing the movement with financial and moral support. However, non-alignment is not a policy in itself but rather a way of establishing a diplomatic identity distinct from competitors and Qatar did not adopt a policy of neutralism (in the classic sense of non-involvement) in either the Cold

³¹⁸ Bjorn G. Olafsson, *Small States in Global System: Analysis and Illustrations from the Case of Iceland*, Ashgate, Aldershot, 1998, pp.4, 62, 153.

³¹⁹ Helem Chapin Metz (ed). *Persian Gulf States: A Country Study*.

³²⁰ For net disbursements of Qatari aid in the 1970s see Atef Sultan, 'Who are the biggest givers?', *Middle East International*, 10 April 1981, p. 10.

War or regional context following its independence. This despite the fact that it is widely argued in the literature that neutrality is the most suitable mechanism for small independent states to emphasise sovereignty and freedom of action.³²¹

Throughout the Cold War Qatar had been fiercely anti-Communist and refused for many years to have diplomatic relations with the Soviet Union. It was only in the summer of 1988 that Qatar announced the opening of relations at the ambassadorial level with the Soviet Union (and China).³²²

In part this move was due to the accession of Mikhail Gorbachev in power, which apart from marking the end of the Cold War also saw Russia move to develop a policy of 'New Thinking' in foreign affairs based on diplomacy and economic ties, which followed Gorbachev's call in March 1990 for the disbanding of the Warsaw pact as a military organisation and its transformation into a political organisation.³²³

Regional integration is another way that small states can theoretically improve both their security and external political influence. The literature makes the case that the security and survival of small states like those located in the Gulf is best served by the establishment of a community composed of all those states in a region, which seek security against both internal and external threats.³²⁴ El Mallakh, for example, has argued that from early on Qatar had an outward-looking perspective that viewed

³²¹ See, for example, N. Amstrup, 'The Perennial Problem of Small States: A Survey of Research Efforts', *Cooperation and Conflict*, Vol. 11, No. 3 (1976), pp.163-182; A. Baker Fox, *The Power of Small States: Diplomacy in World War II*, Chicago, IL, Chicago University Press, 1959; Efraim Karsh, *Neutrality and Small States*, London, New York, Routledge, 2011 2nd edition; R.P. Barston, *The Other Powers: Studies in the Foreign Policies of Small States*, London, George Allen & Unwin Ltd, 1973; S. Harden (ed.) *Small is Dangerous: Microstates in a Macro World*, London, Frances Pinter Publishers, 1985.

³²² In the wake of the dissolution of the Soviet Union in 1991, Qatar established relations with the newly independent Russian Federation.

³²³ *The New York Times*, 2 August 1988.

³²⁴ R.L. Rothstein, *Alliances and Small Powers*, New York, Columbia University Press, 1968, pp.34-6.

regional integration via the GCC as a way of directly increasing its status, power and security.³²⁵

However, the actual power imbalance in a GCC organisation dominated by Saudi Arabia from the time of its establishment, something Qatar would look to rectify in the second decade of Emir Hamad bin Khalifa Al-Thani rule, created on-going tensions and gave credence to the argument made in the literature that a coalition of small states with disputed leadership whose members have different interests and objectives will have a high degree of stress within it over the formulation and implementation of common objectives.³²⁶

On top of Saudi Arabian dominance of the GCC, there were other longstanding tensions between Qatar and its GCC partners, and between various other combinations of GCC partners, that also posed obstacles to the GCC's harmonious functioning. The bilateral tensions between Qatar and Bahrain in the late 1980s, which culminated in the Stinger Missile dispute with Washington has been addressed above. So have the clashes with Saudi Arabia in the early 1990s over disputed borders. The new Emir also inherited some territorial differences with the UAE. In December 1992, when he still served as Deputy Emir, Qatar had threatened to boycott the GCC summit conference held in Abu Dhabi over these tensions.

Interestingly, Qatar's disagreements with Saudi Arabia, the UAE and Bahrain also highlighted the fact that in all its disputes with its GCC partners Iran, which had been one of the first countries to recognize Sheik Khalifa bin Hamad bin Abdullah bin Jassim bin Muhammed Al Thani in 1972, had consistently sided with Qatar. Close bilateral Iranian-Qatari relations were based partially on proximity (important trade

³²⁵ Bjorn G. Olafsson, *Small States in Global System: Analysis and Illustrations from the Case of Iceland*, p.154.

³²⁶ R. P. Barston, 'Introduction', in R.P. Barston (ed.), *The Other Powers: Studies in the Foreign Policies of Small States*, London, George Allen & Unwin, 1973, p.23.

links exist between the two countries, including a ferry service between Doha and Bushehr) and partly on mutual interests.

The Iranian community in Qatar, although large, has traditionally been well integrated and never posed a threat to the regime. Moreover, Iran's claim in May 1989 to one-third of the gas in Qatar's North Field was resolved by an amicable agreement to exploit the field jointly.³²⁷

In response to the Iraqi invasion of Kuwait in 1990, Qatar like some, though not all, of its GCC partners began to view Iran as a possible strategic ally. As such, speaking at a news conference in December 1990, at the time of the eleventh GCC annual Summit, the Qatari Prime Minister confirmed previous reports that the GCC was having 'dialogue and contacts' with Iran.³²⁸

The following year, Qatar's Emir welcomed Iranian participation in gulf security arrangements. Saudi Arabia was far more suspicious of an enhanced Iranian security role in the region and was also suspicious of Qatar's efforts to improve Iranian-GCC relations. This was especially so given the fact that Doha's efforts to increase ties with Iran (including discussions about plans to pipe water from the Karun River in Iran to Qatar) coincided with its clashes with Saudi Arabia over border rights in late 1991 and 1992. The same was true of the UAE, which took a dim view of Qatar's reserved involvement in GCC condemnations of Iran's ongoing challenge to the UAE's sovereignty of Abu Musa Island.³²⁹

As such, on the new Emir's succession to power in 1995, it was in Qatar's interests not only to sustain its existing relationship with Iran but also to pro-actively

³²⁷ 'Abdallah bin Khalifa al-Attiya: Our relations with Iran...Good', *al-Usbu' al-Arabi*, 23 October 1989.

³²⁸ Judith Miller, '6 Gulf Nations meet on preventing invasions', *The New York Times*, 23 December 1990.

³²⁹ Hassan Hamdan al-Alkim, *The GCC States in an Unstable World: Foreign Policy Dilemmas of Small States*, London, Saqi Books, 1994, pp. 80, 83-83.

develop ties in a manner that contributed to stability across the wider region. Though not addressed in this thesis directly, this became an increasingly important factor influencing the bilateral US-Qatari relationship up to 2010 as Washington intensified its efforts to neutralize any Iranian moves towards a nuclear military capability.

In November 1995, Iran and the UAE were invited to Doha to agree on an agenda for dealing with their dispute over Abu Musa and The Tunbs in future bilateral negotiations. The talks failed but coming as they did just months after the new Emir came to power, they highlighted Qatar's growing attempt to involve itself in regional diplomacy.³³⁰

In the summer of 1999, amid real disagreement among the GCC states, Qatar (as well as Saudi Arabia) hosted Iranian President Mohammad Khatami. This was the first visit by an Iranian leader to the Arab world since 1979. The UAE's foreign minister Rashid Abdullah al-Nuaymi, complained that any reconciliation between its GCC partners and Iran would come at his country's expense. The UAE was even more concerned when it transpired that neither Qatar nor Saudi Arabia had raised the issue of the sovereignty of the disputed islands during Khatami's visit.³³¹

However, in terms of relations with its GCC partners, it was tensions in bilateral ties with Bahrain, as in the 1980s, that provided the most immediate challenge to the new Emir on coming to power in 1995. As noted previously, just under a decade earlier, in April-June 1986, Qatari forces had raided Fasht al-Debel a coral reef in the gulf north of Al Muharraq in Bahrain that had been artificially built up into a small island. They took into custody twenty-nine workers who were sent by Bahrain to build a coast guard station. The workers were released in May and

³³⁰ Richard Schofield, 'Boundaries, Territorial Disputes and the GCC States', in David E. Long and Christian Koch (eds.), *Gulf Security in the Twenty-First Century*, Abu Dhabi, The Emirates Centre for Strategic Studies and Research, 1997, pp. 133-168, p.157.

³³¹ Douglas Jehl, 'Overtures from Iran ignite a bitter debate among Arab states', *The New York Times*, 9 June 1999.

installations on the island were destroyed.

Another important disagreement was over the Hawar island (approximately 3 kilometres from Qatar's western border), a matter that was rekindled in March 1980 after the Bahrain government granted an oil concession to a consortium of American companies, which covered an area including the small piece of island territory.³³²

In 1990, the GCC had a rare success in mediating a territorial dispute between members when it prevented Bahrain and Qatar from taking up arms over the disputed ownership of a low-tide elevation in the waters separating the two states. In December 1990, during the summit that took place in Doha some three weeks prior to Operation Desert Storm, much of the discussions revolved around the dispute between Qatar and Bahrain.

Tensions rose in July 1991 when, according to reports, Qatari naval vessels violated Bahraini waters, and Bahraini jet fighters flew into Qatari airspace. The issue was referred in August to the International Court of Justice (ICJ) in The Hague to determine whether it had jurisdiction over the dispute. The ICJ's verdict of July 1994 that it did after all possess jurisdiction to try the territorial dispute on the basis of Qatar's earlier and unilateral application was ostensibly a defeat for Bahrain.³³³

The status of the disputed Hawar islands and the Fasht al-Debel rocks continued through the first five years of the new Emir's rule and was the one dispute to figure regularly on the agenda of the GCC.³³⁴ But once more, early evidence of the new Qatari leader's emphasis on the importance of diplomacy and breaking with the

³³² Joseph A Kechichian, 'The Gulf Cooperation Council: Search for Security', *Third World Quarterly*, Vol. 7, No. 4 (October 1985), pp. 853-881, p.871.

³³³ Richard Schofield, 'Boundaries, Territorial Disputes and the GCC States', p.148.

³³⁴ Pirouz Mojtahed-Zadeh, *Security and Territoriality in the Persian Gulf: A Maritime Political Geography*, Surrey, Curzon Press, 1999. The Fasht al-Debel dispute was finally settled in March 2001. when Qatar accepted the ICJ's decision in favour of Bahraini control over the Hawar islands. This opened the way for improved diplomatic relations, reciprocal official visits and even discussions and plans to jointly build a 'Friendship Bridge'. Indeed, in September 2001, both countries awarded a Danish firm the contract to prepare a feasibility study on a US\$2bn causeway linking the two states.

status quo, can be seen in the fact that in 1997, 26 years after independence, Qatar and Bahrain finally established diplomatic relations.

Such on-going territorial disputes impacted negatively on the capacity of the GCC to function in a united manner into the 1990s.³³⁵ As noted above, the Gulf conflict of 1990-91 shattered the illusion that the GCC was capable of providing the security needed for the region in the face of larger external threats. By the time that Sheik Hamad bin Khalifa Al Thani came to power in 1995 with American military assets stationed across the region, Qatar's main strategic focus was on bilateral ties with the US.³³⁶

Small states can choose from a wide array of arrangements of alignment and non-alignment in order to enhance their security. These include a bilateral alliance with a major power; an alliance of two or several small states; membership of a multilateral alliance around one or more major powers; non-alignment aiming at neutrality in any war; non-alignment without any generalized commitment to neutrality.³³⁷

Alignment with a major power must either be based on the assumption that the small state can keep more independence by allying with it than by standing aloof, or that the loss of independence *vis a vis* a major power is a worthwhile price to pay for counteracting possible pressures from another potential threat.

The simplest way to strengthen the commitment of a great power is to sign a formal treaty or to obtain clear and unambiguous promises of support in the case of military attack. This explains the series of defence cooperation agreements between

³³⁵ Michael C. Hudson (ed.), *Middle East Dilemma: The politics and Economics of Arab Integration*, New York, Columbia University Press, 1999.

³³⁶ Joseph Moynihan, 'The Gulf Cooperation Council and the United States: Common and Uncommon Security Interests', in David E. Long and Christian Koch (eds.), *Gulf Security in the Twenty-First Century*, Abu Dhabi, The Emirates Centre for Strategic Studies and Research, 1997, pp.57-64, p. 69.

³³⁷ Hakan Wiberg, 'The Security of Small Nations: Challenges and Defences', *Journal of Peace Research*, Vol. 24, No. 4 (December 1987), pp.339-363, p.343.

the US and the GCC states that were entered into in the first part of the 1990s in the years following Operation Desert Storm.

In 1994 Qatar signed a defence pact to allow the US to station up to 2000 troops in the country as well as the prepositioning of heavy equipment for a mechanized brigade, including over 100 tanks³³⁸. In 1995, the year Sheik Hamad bin Khalifa Al Thani took office, Qatari military expenditure stood at 6 percent of GDP at US\$330 million. This was less, in both dollar and percentage of GDP terms, than military spending a decade earlier (at US\$401 million and 6 percent of GDP in 1985).³³⁹ Over the next five years, between 1996 and 2000 Qatar's average annual defence expenditure was US\$1.28 billion up from an average of US\$580 million per annum between 1991 and 1995.

At the same time, defence ties between the US and Qatar, beyond the issue of arms purchases, evolved rapidly once Sheikh Hamad bin Khalifa Al Thani took power. In 1996 Qatar started building the state-of-the-art Al Udeid Air base at a cost of more than US\$1 billion, at a time when the country itself had only a small air force.³⁴⁰ This move was widely interpreted to be a tacit invitation to deeper cooperation with US military forces. US access to the base there was formalized in late 2000.

By 1999 construction was under way at nearby Camp As Sayliyah on what US officials described as the Pentagon's largest prepositioning supply base outside the

³³⁸ The US had on average between 5000 to 8000 troops in Kuwait and the agreement to allow the stationing of station a squadron of warplanes, heavy equipment and a brigade of tanks. The UAE allowed the US prepositioning of military equipment and access to airbases and ports. Oman allowed access to airbases and the prepositioning of military equipment. Bahrain allowed the US to build a new onshore naval headquarters time. Saudi Arabia did not have a formal agreement but permitted the US to house 13,000 ground troops in the country and to use its airbases.

³³⁹ IISS, *Military Balance*, 1996/97, London, Oxford University Press, 1996, table 1, pp.306-11. This was more as a percentage of GDP than the UAE which, in 1995, spent about 4.8% of its GDP, US\$1.9 billion, on military hardware. However, Qatari military spending was less than that of Kuwait, which spent 11.8% of its GDP (US\$3.2 billion) in 1995.

³⁴⁰ Qatar Military Procurement, *Jane's Defence Assessment*, <http://www.janes.com/articles/Janes-Sentinel-Security-Assessment-The-Gulf-States/Procurement-Qatar.html>.

US. The project would cost US\$718 million and on completion it would be able to support 10,000 troops and 5000 vehicle.³⁴¹

By 2000, with the exception of the Philippines, Qatar was the most important base for the US outside its national territory. It actively looked to consolidate this status by continuing to build up its military facilities at Al Udeid and As Sayliyah in the context of an evolving US national security policy of developing ‘forward pressure’ and a ‘crisis response’ in the region.

By March 2001, it was reported in the western media that the Pentagon had begun moving the heart of its Gulf forces from remote Prince Sultan Air Base in the Saudi desert to Qatar because of Saudi opposition to a possible US military attack against Iraq.³⁴²

As Handel has pointed out, while small states enjoy certain advantages as free riders in matters of security they also generally end up carrying some of the cost of the relationship.³⁴³ Undoubtedly, the Qatari expenditure of US\$1 billion to develop the Al Udeid airbase between 1996 and 2000 was one of the more significant examples of this financial commitment to the new, US-led, security situation in the region. It was also central to the Qatari strategy of, in the words of one Arab commentator of the time, making bilateral relations with Washington, ‘the backbone of Qatar’s national security’.³⁴⁴

However, such a commitment intended to bind the US to Qatar’s security during a period of significant instability did not mean that the US and Qatar shared the same approach to the challenge posed by Saddam Hussein and Iraq. Indeed,

³⁴¹ James Risen, ‘US Officials Say Aid for Terrorists Came Through Two Persian Gulf Nations’, *The New York Times*, 8 July 1999.

³⁴² *The Guardian*, 27 March 2002.

³⁴³ Handel, *Weak States in the International System*, pp.148-152.

³⁴⁴ Abdullah Hamidaddin, ‘An open letter to Qatar’s new Emir Sheikh Tamim’, *Al-Arabiya*, 28 June 2013.

differences on this issue would have a significant impact on bilateral US-Qatari relations in the decade before the US invasion in 2003, not to mention following it. In the three years before taking power in 1995 Sheik Hamad bin Khalifa Al Thani, in his role as defence minister, was widely reported to have been pursuing ‘closer relations’³⁴⁵ and had made ‘friendly gestures’ to Iraq.³⁴⁶

In January 1993, the US conducted several air strikes against Iraqi missile facilities and other military targets. The allied strikes followed a series of Iraqi challenges, including violations of no-fly zones, interference with weapons inspections, and the unauthorized removal of materiel from the demilitarized zone with Kuwait. The following June the US also launched a missile strike against Iraq’s intelligence headquarters building in response to evidence that Iraq had organized an attempt to assassinate former President George H. Bush.³⁴⁷

In May 1996 it was reported that the US would station 30 Air Force fighter jets in Qatar for two months beginning in June. This ‘expeditionary force’ was mandated to remain there until August in support of the US-led mission to enforce a no-fly zone over southern Iraq to protect the country’s Shiite Muslim population from Iraqi government forces. This ‘show of support for the US’³⁴⁸ in the Gulf, as the Pentagon described it, came in the same year as press reports circulated stating that the US air force had been practicing in Qatar for missions intended to hit Iraqi targets.³⁴⁹

However, Qatar had also looked to mediate between Kuwait and Iraq during the latter part of the 1990s and this attempt at a mediated solution caused

³⁴⁵ ‘Qatar Leader is sent packing by his son’, *The New York Times*, 27 June 1995.

³⁴⁶ ‘A pebble in the pond’, *The Economist*, 1 July 1995, p. 54.

³⁴⁷ Alfred B. Prados, *Iraq: Post-War Challenges and U.S. Responses, 1991-1998*, Washington D.C., Report Prepared for Congress, Congressional Research Service (CSR), 31 March 1999.

³⁴⁸ ‘US to send warplanes to Qatar for two months’, *The New York Times*, 16 May 1996.

³⁴⁹ Economist Intelligence Unit, *Qatar, Country Report 4th Quarter 1996*, London, 1997.

disagreement and tension between Doha and Washington. In 1997, in an interview in the *Washington Post*, Qatar's Emir not only refused to endorse the US strategy of 'dual containment' of Iran and Iraq but reprimanded President Bill Clinton and Defence Secretary William Cohen prior to a meeting with both, with the words, 'You have no more excuses'.³⁵⁰

In early 1998 Secretary of Defence Cohen said that the Gulf states were lining up behind the US to force Saddam to cooperate with the UN weapons inspectors but he failed to gain any support for renewed attacks on Iraq. During a visit to Qatar later that year he failed to convince the government to endorse the US threat to use force.

Instead in a joint press conference with Cohen, the Qatari foreign minister was clear: 'We don't want to see Iraq being stricken again'.³⁵¹ Not usually the language of the leader of a supplicant small state in dealings with a global superpower.

If Saddam Hussein's invasion of Kuwait in 1990 had led to profound upheaval in the relationship between the US and the GCC countries, including Qatar, over the subsequent decade it had also resulted in a gradual change of approach by the GCC to the Arab-Israeli conflict and attitudes to the question of Palestine. Qatar's evolving approach to this highly emotive and sensitive issue that has overshadowed the entire Arab world for more than half a century was highlighted by its presence at the Madrid peace conference in October 1991.

On occasions in the past Qatar had shown itself willing to break with the status quo on this most controversial of issues. For example, Qatar was only one of 7

³⁵⁰ 'Qatar leader chides US over Gulf', *Reuters News Agency*, 12 June 1997.

³⁵¹ Steven Lee Myers, 'Cohen Finds Gulf Nations Hostile to Military Action', *The New York Times*, 11 February 1998; Douglas Jehl, 'Critics from Paris to Kuwait, but a friend in London-low profile for Arab Allies', *The New York Times*, 18 December 1998.

Arab states that had welcomed the August 1981 eight point peace proposal for solving the Arab-Israeli conflict put forward by Crown Prince Fahd of Saudi Arabia.³⁵²

At the historic Madrid meeting of 1991, Qatar raised the possibility of a rethink on the appropriateness of the Arab trade boycott of Israel in return for an end to settlement expansion. This contribution to Arab-Israeli diplomacy marked the start of a consistent, if gradual and considered, process of developing relations with Israel.

This move towards normalisation was also defined by a Qatari willingness to take a more hardline position on certain aspects of the Israel-Palestine conflict than a number of its Arab partners. On 16 December 1991, the GCC, which had previously voted together on the Palestine issue at the UN, chose not to vote collectively on the resolution revoking the clause in Resolution 3379 of 1975 stating that Zionism was racism. Kuwait, Bahrain and Oman were absent from the vote and Qatar, Saudi Arabia and the UAE voted against.³⁵³

This vote had taken place in the context of the new regional situation following the Gulf crisis. In particular, the GCC took offence at Saddam's attempt to link his action in Kuwait to the Israeli occupation of Arab territory during the crisis. Indeed, Qatar like almost the entire Arab world rejected outright the Iraqi claim that the 'restoration of Kuwait to the motherland' was the first step towards 'the liberation of Jerusalem'.³⁵⁴ One of the few Arab exceptions to this was the Palestine Liberation Organisation (PLO). Many Palestinians, including PLO leader Yasser Arafat, could not resist the opportunity of the Gulf crisis to draw Iraq into the Israeli-Palestinian

³⁵² Gulsham Dhanani, 'Perspectives on the Fahd Peace Plan', *Economic and Political Weekly*, Vol. 17, No. 4, January 23, 1982, pp. 101-102.

³⁵³ Hassan Hamdan al-Alkim, *The GCC States in an Unstable World: Foreign Policy Dilemmas of Small States*, p. 92.

³⁵⁴ See Rory Miller, *Inglorious Disarray: Europe, Israel and the Palestinians Since 1967*, London, New York, Hurst/Columbia University Press, 2011.

conflict and hailed Saddam as their champion and leader of the Arab world.³⁵⁵ In response, Qatar, a longtime political and economic supporter of the PLO, bitterly condemned the alliance between the PLO and Saddam and along with its partners in the GCC cut aid to the PLO at the time of 1991 Gulf Crisis.

If relations with the PLO deteriorated greatly after 1991, the launch of the Oslo peace process in 1993 also resulted in a dramatic improvement in Qatari-Israeli relations.³⁵⁶ Qatar, along with other GCC governments, publicly endorsed the Oslo agreement between Israel and the PLO. In a communiqué issued in the first week of September the GCC agreed to support the accord as the ‘first step toward reaching a just, lasting and comprehensive settlement’.³⁵⁷

In October 1994, Qatar, along with its GCC partners, announced that it was lifting parts of the 46 year-old Arab boycott of Israel and pledged to urge the rest of the Arab world to drop all trade restrictions involving the Jewish state. In practical terms this meant that there would be an end to the blacklisting of foreign companies trading with Israel. But the move did not end the ban on Arab countries directly trading with Israel.

There was also an unofficial move to allow visitors to enter Qatar using passports with Israeli travel stamps and over-flights by airlines landing in Israel as well as the transshipment of postal shipments through and to Israel and calls by foreign flagged ships that stop at Israeli ports. The GCC also said that it would support an initiative put forward for consideration by the Arab League to consider a total end to the boycott in order to ‘take into consideration progress achieved’.

However, in a stark example of how further advanced on this issue some member

³⁵⁵ Fouad Ajami, ‘The Summer of Arab Discontent’, *Foreign Affairs*, Vol. 69, No 5 (Winter, 1990-91), pp.1-20, p.6.

³⁵⁶ ‘Kiss now, pay later’, *The Economist*, 30 October 1993, p. 73.

³⁵⁷ William E. Schmidt, ‘Backed by Key Arab Nations, Arafat Seeks to Conclude Pact’, *The New York Times*, 7 September 1993.

states of the GCC, including Qatar, were than the rest of the Arab world, the Arab League refused to even put the boycott issue on the agenda of their discussions.³⁵⁸

In October 1995, the new Qatari Minister of Foreign Affairs, Hamad bin Jassim bin Jaber bin Muhammad Al Thani, met and discussed the peace process with his Israeli counterpart Shimon Peres while they were at the UN for the opening of the General Assembly in New York. The Emir attended the signing ceremony for the 28 September 1995, Israeli-Palestinian Interim Agreement (widely known as Oslo II).

This agreement extended Palestinian autonomy in the occupied territories and established a framework for Israeli military redeployment. This was intended to open the way for the much anticipated, but already postponed, Palestinian presidential and legislative elections. While the Qatari minister for information attended Yitzhak Rabin's funeral in 1995.

In 1996, on taking over the premiership in the wake of Rabin's death, Shimon Peres visited Qatar, an invitation that was extended despite low levels of public support for the invite recorded in opinion polls at the time.³⁵⁹ No less significantly, as early as 1994, despite the reservations of Saudi Arabia and Egypt, Qatar acknowledged entering into official negotiations with Israel to provide it with natural gas. There had even been discussions between Qatar and Israel regarding potential schemes to build a pipeline that would deliver Qatari natural gas supplied by Qatar General Petroleum Corporation (QGPC, now QP) overland to Israel and from there to customers in Europe.

At the Middle East and North Africa (MENA) regional economic summit in Jordan in October 1995 Qatar had even agreed to supply Israel with gas through the US energy giant, Enron. The proposed sale never took place as Israel subsequently

³⁵⁸ Elaine Sciolino, 'Saudis and 5 Other Gulf Nations will Ease their Boycott of Israel', *The New York Times*, 1 October 1994.

³⁵⁹ *Agence France-Press* (AFP), 12 March 1996.

cancelled the letter of intent that was signed in 1995. Nevertheless, the fact that it was even agreed to in the first place highlighted the new Emir's willingness to break with convention on this most politically sensitive issue. In May 1996, Qatar allowed Israel to open a trade representation office in Doha, which made Qatar the first GCC state to grant *de facto* recognition to Israel by launching trade relations.³⁶⁰

All this points to the fact that between the end of the 1991 Gulf War up until the May 1996 Israeli national elections, Qatar steadily improved its relations with Israel and was at the forefront of GCC moves to work more closely with Israel. As the *New York Times* summed up, Qatar had gone 'further than other gulf states in ties with Israel'.³⁶¹

Benjamin Netanyahu and Likud came to power in Israel in May 1996. Netanyahu, a former Israeli UN ambassador, had been a vocal and scathing critic of the Oslo peace process while in opposition. While he accepted Oslo grudgingly as a *fait accompli*, on taking power he also promised to comply with Oslo commitments only as long as there was 'reciprocity' from the Palestinians.³⁶²

Prior to the Likud election victory, and despite some setbacks such as the postponement of the Palestinian elections originally scheduled for July 1995, Oslo had resulted in two landmark agreements—Oslo I and Oslo II—that transformed the local political landscape. As such, there were now real fears that the anti-Oslo tendencies of Netanyahu's Likud-led government might derail progress. As fears began to prove founded and the Oslo peace process gradually ground to a halt, relations between Israel and the Arab world, which had been increasingly cordial since the start of the Oslo process, began to deteriorate.

³⁶⁰ 'Oman, UAE, Bahrain, Qatar Support Egypt's proposals for peace in the Middle East', BBC Worldwide Monitoring Service, 23 July 1993.

³⁶¹ 'New Emir of Qatar wins Saudi Recognition', *The New York Times*, 29 June 1995.

³⁶² See Address by Prime Minister Netanyahu to Israeli Editor's Association, 27 Nov. 1997, *Israel Documents*, Vol. 16, Jerusalem, Ministry of Foreign Affairs, 1999, p. 417.

As such, a number of Arab countries, led by Syria, opposed Qatar's invitation to Israel to attend the fourth MENA economic summit, scheduled for Doha in mid-November 1997. Organised by the Geneva-based World Economic Forum (WEF), this annual meeting was established as an offshoot of the Middle East peace process that began with the signing of the Oslo Declarations in mid-1993. It was intended to bring together Arab and Israeli business and political leaders to discuss regional economic cooperation.

In acknowledgement of the setbacks to the peace process and under pressure from Arab partners Qatar offered to downgrade the status of the conference from heads of government to ministerial level but many Arab countries were still not satisfied and demanded the event's cancellation.

The new Emir and his government had been outspoken critics of Likud government policies, but they defended on-going Israeli ministerial visits to Qatar and refused to cancel the planned meeting. Instead, Qatar responded to its Arab critics by insisting that it had the sovereign right to make its own foreign policy decisions.³⁶³ This resulted in a number of Arab states, notably Egypt, Syria, Saudi Arabia, the UAE and Bahrain, boycotting the conference. Kuwait and Oman sent delegations led by under-secretaries rather than ministers as had been originally planned.

The US backed the controversial Doha MENA meeting of November 1997. The State Department explained that the event 'symbolises the American vision of a peaceful, cooperative Middle East concentrating on trade and mutual economic benefits'. As such, in the words of Secretary of State Madeleine Albright, the meeting

³⁶³ *Al Watan*, 9 November 1997.

was 'important in itself' and should not be made conditional on the status of peace talks with Israel.³⁶⁴

Qatar's stand on the MENA conference earned the accolade of influential US-based commentators such as the *New York Times*' Thomas Friedman who called Qatar the 'gutsy, progressive little gulf oil state'.³⁶⁵ More importantly, Qatar consolidated its relationship with the US by insisting on hosting the event in the face of vociferous criticism from most Arab states. In a show of support US Secretary of State Albright attended the gathering, despite its downgrading and the boycott of numerous Arab delegations and the decision by Israel to send its then Industry and Trade Minister Nathan Sharansky rather than its Foreign Minister David Levy.³⁶⁶

In the wake of the MENA summit, senior Qatari officials continued to be outspoken in attributing blame for the breakdown in the peace process on Likud's shoulders. In early 1998, the government reduced the activities of the Israeli trade office in Doha and stopped the planned opening of a larger commercial office. Subsequently, in September 1998, Israeli physicians were barred from entering a medical conference in Doha.³⁶⁷ At the same time, and in response to the deadlock in the peace negotiations, the Qatari ruling family increased its backing for the Palestinian cause by providing support to establish a Permanent Qatari Committee to Support Jerusalem.³⁶⁸

In the wake of the US-brokered Wye River agreement of late 1998 the Clinton Administration looked to the GCC states to recommit to supporting the peace process. Washington argued that the pro-US Arab states including Qatar, as well as Egypt,

³⁶⁴ Steven Erlanger, 'Albright asks Arab states to attend Summit talks', *The New York Times*, 14 September 1997.

³⁶⁵ Thomas L. Friedman, 'Foreign Affairs: RSVP', *The New York Times*, 27 October 1997.

³⁶⁶ Serge Schmemmann, 'In Slap at US, Israel Reduces Role at Talks', *The New York Times*, 14 November 1997.

³⁶⁷ *The Jerusalem Post*, 21 October 1998.

³⁶⁸ 'The Formation of the Permanent Committee to Support Jerusalem' *Al Hayat*, 4 June 1998.

Morocco, Tunisia and Saudi Arabia, should move to support the PA economically and extend and normalise their ties with Israel. There was frustration on the part of Washington that this group of close Arab allies had not been openly willing to engage in pushing the process forward.³⁶⁹

However, it was overly simplistic for the US to categorize the approach of all these countries towards relations with Israel as identical. Just as Qatar stood firm in the face of wide-ranging Arab pressure to cancel the 1997 MENA meeting in Doha, the government also refused to bow to pressure in November 2000 at the time of the Islamic Organisation Conference (IOC) Summit.

Officially, Qatar claimed that it closed down the Israeli trade office in 2000, just before the Summit, which Iran and Saudi Arabia threatened to boycott if the Israeli office remained open. In practice, however, as the media widely reported at the time, the two Israeli diplomats working at the office did not leave Doha; they were operating from inside their hotel suite.

This attitude towards, and engagement with, Israel in the first five years of Sheik Hamad bin Khalifa Al Thani's rule was a perfect early example of Qatar's increasingly independent and nuanced foreign policy and its willingness to act autonomously and to upgrade its international profile by showing its determination to take risks abroad to protect its strategic plans at home. It also highlighted the willingness of Qatar to support the US on perhaps the most sensitive issue in the Arab world, thus underlining the willingness of the country to take risks as a key US ally in the region.

However, just as Qatar's new diplomacy was consolidating its deep relationship with the US, building bridges with neighbours like Bahrain, opening up

³⁶⁹ Steven Erlanger, 'Back Peace, US Urges Arab Allies', *The New York Times*, 27 October 1998.

towards Israel and improving ties with Iran and Iraq – all moves that angered neighbours, allies and friends – the September 11 2001 Al Qaeda attacks on Washington and New York took place. As chapter 5 will show, while this created certainty and threatened instability and even mayhem, for a small state like Qatar in a dangerous region it also opened up new opportunities and possibilities for its role in the region and its relationship with local and global powers. But first Qatar had to address to perennials – instability in the oil markets and the need to speed up economic diversification.

Chapter 4

From Oil to Gas: Transformation through Diversification in the post-1995 Era

‘Statesmen in newly independent states should be responsive to external stimuli and should react to external threats in order to protect the emerging state’s survival. However, in later periods, state behaviour may be better explained from a domestic level perspective’. Miriam Fendius Elman³⁷⁰

As Miriam Fendius Elman’s above quote underscores, there is an ongoing tension between the external and domestic drivers of state behaviour. Pre-independence Qatar was an underdeveloped state. Like much of the region, it had long had a primitive subsistence economy based largely on pastoralism and fishing. Before 1973, for example, it did not even have plausible national currency estimates for GNP.³⁷¹

Post-independence Qatar was a classic rentier state. The country’s first oil was produced and exported in 1949. Twenty years later, in 1969, it was earning £48 million of its total government revenues of £50 million per year from Shell Qatar, which started production from the offshore field in 1964, and the Qatar Petroleum Company, the latter being a subsidiary of the Iraq Petroleum Company, which was also owned by Shell.³⁷²

In 1970 Qatar joined the Organization of Arab Petroleum Exporting Countries (OAPEC). At the same time Qatar’s oil revenues rose on the back of a rising oil price from US\$100 million in 1970 to US\$1.6 billion in 1974 to US\$4.2 billion in 1982.

This was an annual revenue growth of 36.5 percent over the period between 1970 and

³⁷⁰ Miriam Fendius Elman, ‘The Foreign Policies of Small States: Challenging Neorealism in its Own Backyard’, *Journal of Political Science*, p.212.

³⁷¹ Robin Barlow, ‘Economic Growth in the Middle East, 1950-1972’, *International Journal of Middle East Studies*, Vol. 14, No. 2 (May, 1982), pp.129-157, p. 133.

³⁷² In this earlier period BP, Jersey Standard, Mobil, and Compagnie Francaise des Petroles also operated in Qatar. See ‘OAPEC’, *The Economist*, 10 December 1977.

1982. This was a higher percentage of annual growth than all Arab members of OPEC other than Saudi Arabia and the UAE.³⁷³

Fasano and Iqbal have argued that small states are much more likely than larger ones to be 'heavily dependent on very few commodities for export'.³⁷⁴ In its early years of independence, Qatar certainly gave credence to this argument.

However, there is a divide in the literature over the extent that Qatar successfully used its newfound wealth to address socio-economic challenges in the first decades of independence. The well-known economist Yusif A. Sayigh has argued that the country, along with Bahrain and Dubai, registered 'relatively noticeable progress' in tackling some socio-economic challenges.³⁷⁵ But Ragaei El Mallakh, in his 1981 book on the development of Qatar's oil economy, has argued that over the same period the development of human resources in Qatar was lacking and that there was little attempt to address the social strains and the new cleavages created by the inequitable distribution of wealth at a time of rapid economic growth.³⁷⁶

What is not in doubt is that Qatar's ruling family had not only survived, but had thrived, during the rapid change that had been brought about by oil wealth. Successive Emirs had shown a real skill in dispersing hydrocarbon revenues across society, co-opting domestic elites and making the whole population dependent on

³⁷³ Over this period Saudi Arabia's oil revenues went from US\$1.2 billion in 1970 to US\$20 billion in 1974 and to US\$76 billion in 1982. This was a 41.3 percent rise in revenue over the period. In the same years the UAE's oil revenues went from US\$200 million in 1970, to US\$4.1 billion in 1974 to US\$16 billion in 1982, a 44.1 percent growth in revenue. See Michael Tanzer and Stephen Zorn, 'OPEC's Decade: Has it made a difference?', *Middle East Report*, No. 120, Jan 1984, p.10. See also Nasser Al-Othman, *With their Bare hands: The Story of the Oil Industry in Qatar*, London, Longman, 1984 and Ching-yuan Lin, 'Global Pattern of Energy Consumption before and after the 1974 Oil Crisis', *Economic Development and Cultural Change*, Vol. 32, No 4 (July 1984), pp. 781-802, p.793.

³⁷⁴ U. Fasano and Z. Iqbal, *GCC Countries: From Oil Dependence to Diversification*, Washington D.C., International Monetary Fund, 2003.

³⁷⁵ Yusif A. Sayigh, 'Problems and Prospects of Development in the Arabian Peninsula', *International Journal of Middle East Studies*, Vol. 2, No.1 (1971), pp. 40-58, p.53.

³⁷⁶ Ragaei El Mallakh, *Qatar: Development of an Oil Economy*, p.116.

state largesse. Free from the challenge of a politically powerful merchant class, control of the oil-funded distributive state allowed the Al-Thani family to consolidate its hold on power.

This allowed for ‘a relatively smooth transition’³⁷⁷ into the hydrocarbon era but it also rapidly increased the role and size of the state. Qatar only had 43 government employees in 1953. But under British guidance government structures and public services began to expand. Over the course of the decade the first telephone exchange, desalination plant, power plant, jetty, customs warehouse, airstrip and police headquarters were opened.

During the 1960s, and primarily under the lead of the future Emir, infrastructure and the public sector bureaucracy, as well as the labour force across the entire economy, grew significantly. The massive infusion of wealth from the 1960s onwards resulted in an unprecedented rise in the number of foreign workers from both the inter-Arab migratory system and the non-Arab underdeveloped world.³⁷⁸

In 1959 a labour department was established to deal with workers in the rapidly growing oil sector. In 1962 a labour law was enacted that gave hiring preference to Qataris, then to other Arabs, and finally to other foreigners. Trade unions were banned, but Qatari workers had workplace-based organizations, known as workers’ committees that dealt with grievances. Strict controls existed on foreign workers, whose visas stipulated that they must work for a specific Qatari sponsor at a specific job.

In the immediate post-1973 era, oil production and revenues increased sizably, moving Qatar out of the rank of poor countries and providing it with one of the

³⁷⁷ Jill Crystal, *Oil and Politics in the Gulf: rulers and merchants in Kuwait and Qatar*, Cambridge, Cambridge University Press, 1995.

³⁷⁸ Yusif A. Sayigh, *The Economies of the Arab World: Economies Since 1945*, London, Taylor and Francis, 1978, pp.81-87.

highest per capita incomes in the world. By 1975, after the quadrupling of oil prices had fed through into the economy, oil accounted for 71.9 percent of GDP. Qatar's major development plans began in this period and they required the large-scale importation of labour.³⁷⁹

Non-Qataris comprised over 50 per cent of Qatar's population as far back as 1976.³⁸⁰ The first Qatarisation initiative in the public sector came in the same year when a committee called the "Workforce and Qatarisation committee" was formed. It was responsible for preparing reports, statistics, and recommendations for developing the workforce and implementing a suitable gradual Qatarisation plan.

By 1980 immigrants constituted 68 percent of Qatari residents compared to 58 percent in Kuwait and 50 percent in the UAE.³⁸¹ From that time onwards, foreign workers consistently made up a large proportion of the labour force. This was particularly true of the private sector, which has always been very dependent on expatriates, while the government bureaucracy and the public sector employ the majority of nationals. The first Qatarisation programme in the vitally important oil and gas sector was, for example, launched in 1984.

In response, the government started to encourage Qataris to take jobs in the work force. But this process of "Qatarization" had been unsuccessful for the most part in the face of huge demand for workers across a number of sectors from construction to healthcare. By the time that Sheik Hamad bin Khalifa Al Thani came to power in 1995 the vast majority of labourers, service industry workers and middle-

³⁷⁹ J.S. Birks and C.A. Sinclair, *Arab Manpower: The Crisis of Development*, New York, St. Martin's Press, 1980. The amount of money spent on construction between 1971 and 1981, increased 42-fold across the GCC states.

³⁸⁰ Emile A. Nakhleh, 'Labor Markets and Citizenship in Bahrayn and Qatar', *Middle East Journal*, Vol.31, No. 2 (Spring 1977), pp.143-156, p.148.

³⁸¹ Hassan Ali Al-Ebraheem, *Kuwait and the Gulf: small states and the international system*, p.41.

level employees in Qatar were foreigners.³⁸² Only nine percent of the Qatari domestic labour force is employed in the private sector. This reflects the fact that for most Qataris, employment in the public sector has historically been more attractive than working in the private sector.

Qatar now looked to reduce this phenomenon in order to stem the huge value of funds transferred home by expatriate workers and also to increase opportunities and incentives for the indigenous population. In 1997 a new set of incentives was approved by the Council to foster Qatarisation. These incentives included:

- Providing Qataris who work in the private and mixed sectors with the building loans and the free building land that are usually given to Qatari public employees.
- Implementing the same pension scheme for those who work in the private and mixed sectors and those in the public sector.
- Paying a monthly salary in the case of disability or death for Qataris who work in the private and mixed sectors, which is equivalent to that which is applied in the public sector.

This became a priority of the new Emir's socio-economic strategy, not only for economic reasons, but because a disproportionate number of expatriates in the workplace threatened the fabric of local culture and identity and because overreliance on foreign labour (both skilled and unskilled) projected a negative image of Qatar externally.

In order to control the influx of expatriate workers, Qatar tightened the administration of its foreign manpower programmes and put in place a set of strict

³⁸² H. Patrick, 'Financial Development and Economic Growth in Underdeveloped Countries', *Economic Development and Cultural Change*, Vol. 14 (1966), pp.174-189.

entry and immigration rules and regulations. By 2000 a third strategic plan was underway. It had a mandate to ‘develop and train inexperienced Qataris and help them gain valuable on-the-job experience’, primarily in the industry and energy sectors in a wide variety of technical and clerical areas.³⁸³ However, this fell far short of its goals and foreigners continued to account for the great bulk of Qatar’s workforce, a matter of ongoing government concern as the new millennium came and went.³⁸⁴

In these terms educated females provided the potential to offer a replacement workforce for expatriate labour in some areas.³⁸⁵ Women as a percentage of the Qatari labour force increased from 4 percent in 1970 to 12 percent in 1995 when the new Emir came to power. This was a percentage rise comparable with those occurring over the same period in the UAE (from 4 percent to 13 percent) and Saudi Arabia (from 5 percent to 13 percent). However, this was less than the increase in both Kuwait (from 8 percent to 28 percent) and Bahrain (from 5 percent to 19 percent).³⁸⁶

During the Emir’s first decade in power he made it a priority to address this matter. More and more Qatari women began to serve as public school teachers, university professors, senior professionals in government service, health and education, the police and private business.³⁸⁷ Despite this, by 2003 the figure for female participation in the workforce was only 17.9 percent, a lower percentage than in Kuwait (29 percent), Saudi Arabia (20.2 percent) or Bahrain (22.9 percent).³⁸⁸

One major reason for both the inability of the Emir’s new government to make

³⁸³ ‘Qatarization’, http://www.qatarization.com.qa/Qatarization/Qatarization.nsf/en_Index?Readform

³⁸⁴ C. Berrebi, F. Martorell and J.C. Tanner, ‘Qatar’s Labor Markets at a Crucial Crossroad’, *Middle East Journal*, Vol. 63, No.3 (Summer 2009), pp.84-102.

³⁸⁵ Sally Ethelston, ‘Water and Women: The Middle East in Demographic Transition’, *Middle East Report*, No. 213 (Winter 1999), pp. 8-12.

³⁸⁶ The World Bank, *World Development Indicators*, 1997, Washington D.C, 1998, Table 1.2, pp. 10-14.

³⁸⁷ Jill Crystal, ‘Country Report: Qatar’, *Freedom House Report*, 2010.
<http://www.freedomhouse.org/template.cfm?page=181>

³⁸⁸ Julia C. Devlin, *Challenges of Economic Development in the Middle East and North Africa Region*, Singapore, World Scientific Publishing, 2010, p. 367.

greater headway in both its Qatarisation project and in its opening up of the workforce to women was the pervasive role of the state sector in the economy. This necessarily meant that the private sector played a limited, secondary, role in the growth and expansion of the economy. Even the performance of the private sector in non-oil related activities was linked to government expenditure programmes and intervention in terms of subsidized loans, equity injections, bailouts, and preferences in government procurements.

Reform of the public sector is perhaps the most politically sensitive economic challenge of all, as any attempt by the state to introduce cutbacks or reforms will directly limit the aspirations of citizens and reduce the effectiveness of the economic safety net that has become entrenched as a fundamental right across Gulf societies.

What made this already difficult task even harder in the Qatari case was the fact that the goal of the new Emir was not to merely reform the public sector but to fundamentally transform it in every area. This required overseeing significant improvements in capacity-building and institutional development, both vital for administrative efficiency and transparency. It also required an overhaul of capacity building at managerial and all other levels of the public sector and the implementation of policies that promoted equal opportunities and gender equality. No less difficult, it required such initiatives to be rolled out across professional associations, social organizations, and membership organizations as well as governmental and non-governmental bodies.

These were ambitious goals but they were aided somewhat by the fact that compared to its oil-rich neighbours, post-independence Qatar was notable for its 'lack

of delusions of grandeur'.³⁸⁹ Certainly, prior to 1995 the government did at least attempt to pursue a cautious approach that linked gradual economic development to viable public expenditure policies.³⁹⁰

Moreover, Sheik Hamad bin Khalifa Al Thani inherited a kingdom that had much potential. In September 1995, just three months after he took power, the World Bank issued a report that measured and ranked country wealth on the basis of their natural, physical, human and social capital (including the value of income equality and democracy). Under this new calculation of national balance sheets Qatar was ranked the eight-richest state in the world, and the richest Arab nation.³⁹¹

The theoretical literature argues that economic diversification of the economy is vital to the political independence of small states. Certainly, as noted above, small states are much more likely than larger ones to be heavily dependent on very few commodities for export. This in turn often results in a dependence on external parties (including states, multinational corporations or commodity exchanges), as foreign ownership over natural resources is quite common in developing countries.³⁹²

This was certainly the case in Qatar (and the rest of the oil-producing Arab Gulf) until the early 1970s, when its hydrocarbon industry was largely in the hands of foreign companies. As part of a strategy that attempted to substitute hydrocarbon resources for cliency, the Qatar General Petroleum Corporation (QGPC) was established in 1974 with the objective of gaining full control of the country's oil and gas resources for the state. This goal was quickly realized.

³⁸⁹ Liesl Graz, *The Turbulent Gulf*, London, I.B. Tauris, 1990, p. 175. See also Ragaei El Mallakh, *Qatar: Development of an Oil Economy*, New York, St. Martin's 1979.

³⁹⁰ Said El-Naggar (ed.), *Economic Development of the Arab Countries*, Washington, DC, International Monetary Fund, 1993.

³⁹¹ The first 7 places were taken by Australia, Canada, Luxembourg, Switzerland, Japan, Sweden and Iceland. See, 'No accounting for tastes', *The Economist*, 28 September 1995, p. 104.

³⁹² U. Fasano and Z. Iqbal, *GCC Countries: From Oil Dependence to Diversification*, Washington D.C., International Monetary Fund, 2003.

Important as this was, it did not remove the negative implications and associated challenges of the country's on-going dependence on oil revenues. Between 1982 and 1986 Qatar suffered badly when the oil price fell sharply in the face of stagnant world consumption and a drop in demand for OPEC output. The country's GDP contracted significantly and, by 1986, after a decade of soaring revenues and unprecedented spending, national income was down by almost 20 percent on levels at the beginning of the decade and the Qatari budget continued to show a deficit into the early 1990s.³⁹³

It took over a decade for Qatar to return its GDP up to its pre-oil shock (1981) levels.³⁹⁴ Again, in the early 1990s, Qatar almost went into bankruptcy when oil prices plummeted and the country was not a big enough player in the crude oil market to protect itself from adverse developments in the increasingly globalised world economy. By 1997, just two years after the new Emir came to power, it was estimated that Qatar's oil production rates would be unsustainable over the next two to three decades.

As part of the attempt to overcome the downside of this 'commodity concentration', Qatar's new leadership decided to take radical action. In doing so over the next decade and a half it gave credence to the argument in the literature that a small state will usually be able to preserve more of its independence by diversifying its foreign trade as well as the foreign investments if it accepts and has weighed the short-term costs of such diversification against the long-term gains.

Of course there are downsides and risks associated with this attempt to gain economic independence through radical diversification out of oil just as industrialization and import substitution may bring with them the downside of

³⁹³ Ghassan Salameh, 'Hangover in the Gulf', *Middle East Report*, No. 139, Mar-April 1986, p.40.

³⁹⁴ Joe Stork, 'Prospects for the Gulf', *Middle East Report*, No. 132, May 1985, p.3.

increased dependence on the import of technology as well the upside of enhanced self-reliance.

Though traditionally Qatar was guilty ‘of drifting into premature diversification’ and Qatar remained ‘an exceptionally narrowly based economy’,³⁹⁵ in the pre-1995 era there had been a few select attempts at diversifying Qatar’s economy away from oil by building an industrial and manufacturing base.

During the 1970s and 1980s the Qatari government actively promoted the development of both heavy and light industry concentrating on in-country resources—steel and iron, chemical, fertilizer and petro-chemical industries and cement. It also established a national fishing company, as well as a number of small-scale agricultural projects. While in the early 1970s an £18 million fertilizer plant was being built at Umm Said and planned to spend £30 million on projects to build asbestos and petrochemical plants entered the study phase 1970s.³⁹⁶

One can also discern some early signs of Qatar’s awareness of the socio-economic benefits of green technology and business. In 1980, for example, the then Qatari ambassador to the United Nations in New York was a vocal supporter of the 10-year UN backed plan to bring ‘clean water and adequate sanitation to all by 1990’.

In the course of the UN debate on this issue, Qatar’s then ambassador somewhat presciently made the case that his country was uniquely positioned to participate in this nascent economic sector as a developing nation committed to investing in the right technology.³⁹⁷

Despite this ‘energetic’ effort at diversification across various sectors, the key areas of industry remained underdeveloped. By the beginning of the 1990s industry

³⁹⁵ ‘Rich but Worried’, *The Economist*, 10 December 1977, p.62.

³⁹⁶ ‘Wind, sand and stars...and the sea’, *The London Times*, 16 December 1970.

³⁹⁷ ‘Oil into Water’, *Middle East International*, 22 May 1981, p. 12.

in Qatar only accounted for 10 percent of the country's GDP.³⁹⁸ Qatar's efforts at diversification into the industrial sector up to this time were hampered by the fact that like most Gulf countries in the 1980s, there was a severe lack of technological development in all sectors of the economy except the oil industry.³⁹⁹

On top of this, post-independence Qatar had to deal with the same problems that all small states face—a small domestic market, high costs of production, low economies of scale and Research and Development (R&D) expenditure, a lack of exportable products, and low levels of industrial good requiring a high intensity of capital research.⁴⁰⁰

A 1990 cabinet reshuffle led to the establishment of a Supreme Council for Planning (SCP), formed to coordinate the diversification of Qatar's economy. But by the time the new Emir came to power in 1995, private capital outflows constituted a steady drain on the balance of payments, and precluded any serious long-term domestic private investment. This, in turn, undermined efforts to diversify the economy away from oil towards industry.⁴⁰¹

As such, while the idea of using revenues from oil to fund viable and sustained development was not a new idea, on acceding to power in 1995 Sheik Hamad bin Khalifa Al Thani inherited an economy that could claim to have achieved little significant economic diversification. The manufacturing sector accounted for only 11.4 percent of GDP in 1995 and fluctuated between 9 percent and 11.4 percent over the next two years. In 1995, finance, insurance and real estate made up 11.2 percent of GDP, rising to 11.5 percent in 1996 and falling back to 11.2 percent in 1997 and 11.2

³⁹⁸ 'A house with too many children', *The Economist*, 7 October 1989, p. 88.

³⁹⁹ Yusif A. Sayigh, 'Problems and Prospects of Development in the Arabian Peninsula', *International Journal of Middle East Studies*, p.41.

⁴⁰⁰ Michael Handel, *Weak States in the International System*, pp.220-229.

⁴⁰¹ Fareed Mohamedi, 'State and Bourgeoisie in the Persian Gulf', *Middle East Report*, No 179, Nov-Dec 1992, pp.35-37, p35.

percent in 1998.⁴⁰²

This made the new Emir's determination to diversify away from stagnating oil exports both necessary and challenging. His government's first move was to create the environment and institutions required to make diversification possible in order to overcome the traditional situation where loyalty to leadership and conformity within institutional structures was given greater emphasis than competitiveness or innovation.

As such, Qatar joined the World Trade Organisation (WTO) in January 1996.⁴⁰³ *A priori* small states are generally likely to gain from a general move towards trade liberalisation. Trade characteristics associated with small states include a high ratio of trade to GDP, a high content of primary production or natural resources in their exports and a high geographical concentration in exports. Moreover, the internal trade inside small states tends to be confined to inter-industry trade and specialisation and the conditions for intra-industry trade based on increasing returns activities are lacking.⁴⁰⁴

Entry into the WTO, which had replaced the General Agreement on Tariffs and Trade (GATT) in 1995, boosted reform in all these areas by requiring Qatar to open up its economy to outside investors. This made it more difficult for Qatar to preserve local monopolies and privileges. It also gave a signal to those on the international stage hoping for economic modernization and reform in Qatar, that the

⁴⁰² Economist Intelligence Unit, *Country Report: Qatar, 1996-1999*, London, 1999.

⁴⁰³ Rolf Meyer-Reumann, 'The Endeavours of Gulf Countries to Meet WTO Requirements', *Arab Law Quarterly*, Vol. 16, No. 1 (2001). The first step taken by the Qatari government after its independence was becoming a member of the International Monetary Fund in 1972 and this was followed by the approval given by the Ministry of Finance and Petroleum to the agreement between commercial banks operating in Qatar on regulating interbank operations and interest rates.

⁴⁰⁴ Bjorn G. Olafsson, *Small States in Global System: Analysis and Illustrations from the Case of Iceland*, p.153.

new Emir was serious in his attempt to overhaul the structure of the economy in order to reduce excessive reliance on oil revenues.⁴⁰⁵

Partly in recognition of the progress made in Qatar from 1995, at the end of January 2001, the WTO formally agreed to hold its upcoming top-level meeting the following autumn in Doha. This choice was made by consensus of the 140-nation trade organisation, which was keen to choose a stable, developing state that could afford to host the event. For its part Qatar wanted to hold the six-day long meeting to bolster its international image, in line with the leadership's vision of the country's emerging global role.⁴⁰⁶

Some 142 countries sent delegations to the WTO ministerial meeting between 9 and 13 November 2001. The success of this summit and the subsequent rounds of trade negotiations that followed the meeting, dubbed the Doha Round, gave Qatar ongoing global exposure. All the more so as the summit had run smoothly at a time of high alert across the international community, coming as it did only shortly after the September 2001 (9/11) attacks on New York and Washington.

As noted in the introduction place branding is an important strategy for small states. Prior to the WTO event of 2001, Qatar had been engaged in particular in *event* hallmarking, whereby places organise events, in order to obtain a wider recognition that they exist but also to establish specific brand associations.⁴⁰⁷ The WTO meeting was the culmination of that strategy up to that point.

Subsequently, Qatar looked to build on this by hosting numerous high profile

⁴⁰⁵The WTO consists not only of rules that promote global trade but also mechanisms to clarify existing trade rules and encourage the creation of new ones. Prior to joining the WTO Qatar had observer status at GATT. See Rolf Meyer-Reumann 'The Endeavours of the Gulf Countries to Meet WTO Requirements', pp.49-54. See also Peter D. Sutherland, 'Transforming Nations: How the WTO Boosts Economies and Opens Societies', *Foreign Affairs*, Vol. 87, No 125 (2008), pp. 125-136.

⁴⁰⁶ Elizabeth Olson, 'WTO picks Qatar capital as Meeting Site', *The New York Times*, 31 January 2001. Joseph Kahn, 'Threat of Terrorism Leaves Trade Summit Plans in Doubt', *The New York Times*, 15 October 2001; 'WTO Still set on Conference in Qatar', *The New York Times*, 23 October 2001.

⁴⁰⁷ For a detailed analysis of this form of branding see Gregory J. Ashworth, 'The Instruments of Place Branding: How is it Done?', *European Spatial Research and Policy*, Vol.16, No. 1 (2009), pp.9-22.

international conferences on everything from democratisation to economic reform to investment in the region. In March 2003, for example, Qatar's profile in the Islamic world was enhanced by its hosting of the summit meeting of the Organisation of Islamic Conference (OIC). Formerly the Organization of the Islamic Conference, since its founding in 1969 as the 'collective voice' of the Muslim World the OIC has grown into the second largest inter-governmental organization after the United Nations with a membership of 57 states spread over four continents. In June 2005, Doha was the venue for the second South Summit of the Group of 77, the largest intergovernmental organization of developing countries in the United Nations.⁴⁰⁸

In 2002 the Qatar Industrial Development Bank (QIDB), the only specialist bank operating in Qatar in support of the industry sector, was accorded formal approval under Emiri Decree No. 14, 1997, to commence operations in the same year. Half owned by the government, the QIDB soon began providing entrepreneurs committed to developing small and medium-sized businesses (SMEs) with loans to cover 80 percent of their equipment costs or 60 percent of their total financing requirements.

The new Emir's government also attempted to overcome the downside of commodity concentration by attempting to change fundamentally the basis of Qatar's economy. Central to this strategy was a decision to diversify the economy away from crude oil towards its large reserves of liquefied natural gas (LNG) and to develop its natural gas liquid (NGL) products for both domestic consumption and export.⁴⁰⁹

⁴⁰⁸ Established on 15 June 1964 by seventy-seven developing countries signatories of the "Joint Declaration of the Seventy-Seven Countries" issued at the end of the first session of the United Nations Conference on Trade and Development (UNCTAD). The organization provides the means for the countries of the South to articulate and promote their collective economic interests and enhance their joint negotiating capacity on all major international economic issues within the United Nations system, and promote South-South cooperation for development.

⁴⁰⁹ NGL products—ethane, butane and propane—are the basic raw materials required throughout the petrochemicals industry. NGL constituted a valuable export good, which, in contrast to liquefied natural gas (LNG), was readily substituted between markets.

Though this gas project began prior to 1995, it was the future Emir who had been the driving force behind this move and on taking office it became a central priority of his time in power. The objective was, in part, to limit the effects on the Qatari economy of oil price fluctuations, which had caused havoc in the mid-1980s and early 1990s, the consequences of which could be felt into the last years of that decade.⁴¹⁰

It was also part of a much more ambitious departure from the traditional thinking that ruled that the two possible alternative avenues for diversification were agriculture or industry.⁴¹¹

In the first years of Sheik Hamad bin Khalifa Al Thani's rule, Qatar moved swiftly to develop its huge offshore natural gas reserves, demonstrating in the process a vision and a capacity for developing this natural resource that left behind Russia and Iran, the only two nations in the world with larger gas deposits.⁴¹²

At the heart of this vision was a three phase plan to (1) develop gas production for domestic consumption (in power, desalination, fertilizer and petrochemicals), (2) build an export pipeline to deliver gas to the Gulf and beyond and (3) build an liquefaction facility for the export of LNG.

There were precedents for Qatar looking to diversify within, rather than outside, the energy sector. Qatar was the first Arab Gulf state to build up its own petrochemical industry, with the establishment of the Qatar Petrochemical Company (QAPCO) in 1974. By the early 1980s it was producing ethylene, low-density polyethylene, and sulfur.

However, there had been nothing done previously to prepare Qatar, or the world,

⁴¹⁰ 'Some Oil Nations Detail Cutbacks', *The New York Times*, 16 March 1999.

⁴¹¹ Atif A. Kubursi, *Oil, Industrialization and Development in the Arab Gulf States*, London, Croom Helm, 1984.

⁴¹² Simon Romero, 'Qatar finds a currency of its own: Natural Gas', *The New York Times*, 22 December 2005.

for the scale of this new project that was intended to turn Qatar into the ‘capital of the world for this new age of fuels’, and to establish it as the world’s main supplier of gas, as Qatar’s long-time energy minister Abdullah bin Hamad Al Attiyah promised in 2004.⁴¹³

The challenges that the Qatari government faced in building the world’s largest liquefied natural gas industry in little more than a decade were ‘monumental’ as the *New York Times* put it. There were the very obvious disadvantages such as the country’s dependence on oil to fund the strategy at a time of collapse in the oil price to less than US\$10 a barrel in 1997-98. Moreover, Qatar’s oil reserves and production levels were always modest by Gulf standards, with the country near the bottom of the OPEC producer rankings.

In these terms, while the decision to substitute gas for oil was obvious from a revenue and production point of view, it was not a clear-cut, inevitable or risk free move. Oil had formed the cornerstone of Qatar’s economy for decades and this continued well into the 1990s. As noted above, in 1995, when Sheik Hamad bin Khalifa Al Thani came to power, oil accounted for 32.5 percent of GDP compared to a combined total of 22.6 percent for finance, insurance, real estate and manufacturing. In the next three years as the Emir’s vision for gas gathered momentum oil continued to account for 32.5 percent (1996), 36.4 percent (1997) and 36.4 percent (1998) of GDP.

Over the same period, Qatar reached output of 500,000 barrels of oil per day for the first time in its history (September 1996) and oil remained the number one export earner throughout the first five years of Sheik Hamad bin Khalifa Al Thani’s reign.⁴¹⁴

In other words, even in an era of collapsing oil price it was a difficult decision to de-

⁴¹³ ‘Qatar seeks to become top exporter’, *Reuters*, 28 September 2004; Simon Romero, ‘A New old way to make diesel’, *The New York Times*, 18 January 2006.

⁴¹⁴ Economist Intelligence Unit, *Country Report: Qatar, 1996*, London, 1997.

prioritise an oil sector that dominated Qatar's economy over many years.⁴¹⁵

Second, the Qatari gas sector was relatively new and underdeveloped. Much of the gas was buried deep in the seabed of Qatar's northern waters. It would take six years of intense development, between 1991 and 1997 to create the basis of the gas industry needed to achieve these goals. The North West Dome (North Field) gas structure was discovered off the north east coast of Qatar by Shell in 1971, in the course of the company's prospecting for oil.⁴¹⁶ Subsequent drilling revealed a 6,000-squarekilometre field, the world's largest known offshore non-associated gas field.

The discovery of the North Field left Qatar with the world's third-largest gas reserves. But progress proceeded slowly and there was much speculation from analysts over the real value of this gas find. Early plans prioritized domestic gas development over gas export projects. However, as the enormity of the North Field became more apparent, proposals were developed to export gas both as LNG and via pipelines to Gulf neighbors and beyond.

Numerous factors conspired to prevent actual production of gas in the giant North Field for nearly a quarter of a century until the 1990s. In the 1970s, which coincided with the height of the oil price boom, there were a number of practical difficulties in the construction of the two natural gas liquids (NGL) plants that opened in Umm Said in 1981. There were subsequent difficulties in both plants coming on-line as scheduled and operating at full capacity.

The first phase of the North Field development faced several delays prior to its

⁴¹⁵Economist Intelligence Unit, *Country Report: Qatar, 1998*, London, 1999. Oil continued to be the principal Qatari export earner over the next four years accounting for US\$2.299 billion in 1997, US\$2.16billion in 1998, US\$3.54 billion in 1999, and to circa US\$4 billion in both 2000 and 2001.

⁴¹⁶Michel Thomas Halbouty, *Giant oil and gas fields of the decade*, Vol. 78, 1990-1999, Houston, American Association of Petroleum Geologists, 2003.

targeted start up in 1990 due to technical problems and Iraq's invasion of Kuwait.⁴¹⁷ Fourteen of the 16 production wells in phase 1 suffered from cement casing leaks. Then, a week prior to the revised start-up on August 3, 1990 it was discovered that chemicals had leaked into an onshore pipeline and the North Field had to be temporarily closed. This came a day after Iraq's invasion of Kuwait and the departure of foreign contractors from the region in response to this crisis further postponed the start of production.

Finally, on September 3, 1991, on the twentieth anniversary of Qatari independence and exactly two decades after the initial discovery of the North Field, gas production got underway. At the time it was estimated that this project would have enough reserves to make 3 billion tonnes of LNG. This meant that it could sustain the LNG industry on its own for more than 50 years if it produced 23 million tonnes of gas per year.⁴¹⁸

However, achieving this was a hugely expensive undertaking. Phase One of the North Field project alone would cost US\$1.3 billion to complete. Phase 2, the plan to develop the capability to export gas via a pipeline to nearby GCC countries from 1996 onwards would cost another US\$2 billion. Overall, it was estimated that the entire North Field project would cost upwards of US\$7 billion, comprising a minimum US\$3 billion for downstream development, a minimum US\$1.5 billion for upstream and US\$2.5 billion for shipping.⁴¹⁹

The cost of establishing Ras Laffan (Rasgas), ultimately one of the largest LNG exporting complexes in the world, and to dredge an enormous port from the shallow coastal waters, was no less expensive. Nevertheless, in the mid-1990s Qatar made a

⁴¹⁷ Mary Ann Tetreault, 'Autonomy, Necessity, and the Small State: Ruling Kuwait in the Twentieth Century', *International Organization*, p.584.

⁴¹⁸ See 'Ras Laffan Industrial City' http://www.rasgas.com/l_3.cfm?L3_id=33&L2_id=6

⁴¹⁹ Ibid.

multi-billion dollar investment in port facilities and infrastructure at Ras Laffan. This world-class port became operational in September 1996. In January 1997 Qatargas began exporting LNG from Ras Laffan, with the first shipment going to a Japanese company, Chubu Electric Power Company, as a part of a 25-year deal to supply 4 million tonnes per year.⁴²⁰

In subsequent years Ras Laffan Port established itself as the world's top LNG exporting facility. Its adjacent industrial area, Ras Laffan Industrial City (RLIC), also quickly developed into a thriving energy-industry hub, home to international companies such as RasGas, Qatargas, ExxonMobil, Shell, Total and Dolphin Energy.⁴²¹

Ras Laffan also became home to a fleet of locally owned specialist LNG carriers purchased at great expense that enabled Qatar to guarantee supply and meet the deadlines it had agreed with its customers. This was an example of the innovative and comprehensive thinking inherent in the Qatari move from oil to gas and its determination to control the entire supply chain. It also highlighted the lengths that Qatar would go to develop a gas industry best suited to meet its customer's needs.

Another obstacle until the 1990s, was the fact that gas was not a much-valued export commodity in the Gulf because the only way to ship it was via pipeline, and all Qatar's neighbouring states—potential buyers or competitors—also had oil or gas deposits.⁴²²

Moreover, there was a real risk that the pipelines needed to guarantee a constant supply of Qatari gas in a safe and secure way to key potential customers such as India

⁴²⁰ Ibid.

⁴²¹ Ibid.

⁴²² The major catalyst in the importance and value of gas came with advances in gas turbine technology that made it both safe and cost efficient to transport liquefied natural gas which meant gas could now be sold globally like refrigerated foodstuffs.

would never be built.⁴²³ Compounding this challenge was the fact that by the time Qatar looked to enter the gas market, Europe, the most lucrative market for natural gas in the world, was already supplied by sufficient pipelines from Algeria, Russia and the North Sea.

In Asia, expected to be the fastest growing market for gas, only Japan, South Korea and Taiwan had the technology to handle ships carrying natural gas. So Qatar faced stiff competition to break into these markets against long-time suppliers such as Indonesia and Malaysia.

Of these Asian markets, Japan was the most important potential customer. But during the mid-1980s, Japanese companies and government-backed utilities concerned about security of supply and the ability to protect the costly LNG infrastructure and ships were reluctant to sign off on long-term gas contracts in the Gulf. Once these concerns were alleviated Japanese electric and gas companies offered long-term contracts for purchases backed up by favourable financing terms provided by the Japanese government via loans and export credits.

The willingness of Japanese buyers to pay a hefty premium for supply security was important to the development of the Qatari gas sector in the short term. But it had a detrimental impact over a longer period. By the mid-1990s when Qatar's gas export infrastructure was coming online the Japanese economy was stagnating. This resulted in a fall in demand for gas. By this time other Asian LNG markets were awash from local gas projects.

In order to win the necessary contracts in this potentially lucrative region the Qatari gas sector adopted an innovative approach to dealing with its competitors, which again highlighted the government's long term commitment to its gas strategy,

⁴²³ Rahul Tongia and V.S. Arunachalam, 'Natural Gas Imports by South Asia: Pipelines or Pipedreams?', *Economic and Political Weekly*, Vol. 34, No. 18, May 1-7, 1999 pp. 1054-1064.

as well as its willingness to take risks and to initiate innovative approaches to implementing its strategy.

Notably, the Ras Laffan LNG Company (Rasgas), beat off stiff competition to gain major Indian gas contracts including Petronas of Malaysia, Pertamina of Indonesia, Woodside of Australia, Chevron of the US, Total of France and Royal Dutch Shell, by agreeing to invest in India's LNG infrastructure in return for Indian gas contracts.⁴²⁴

By 1997 Qatar had spent nearly US\$18 billion on this project, far in excess of its US\$3.6 billion oil revenues for 1996. Some estimates of the time priced the entire long-term project to transform Qatar into the world's leading gas exporter at between US\$20- US\$40 billion.⁴²⁵

The government's preferred way of raising the funds necessary for developing the gas sector was to attract significant private sector investment. The primary way of doing this was to bring in foreign partners to maximise the development of Qatar's natural gas sector and to spread some of the huge cost and risk.

This had long-time precedents. The Qatar Petrochemical Company (QAPCO) was established in 1974 in a joint venture with Chimie de France CdF. During the 1980s in the face of an oil glut that drastically restricted the affordability of oil exploration, QGPC looked to attract foreign operators to apply for exploration licenses. BP's subsidiary BP America, Elf, and Amoco all participated in exploration activity during this decade.⁴²⁶

Notably, in 1982, Shell, BP and CFP (now Total) were each offered 7.5 percent equity stakes in a joint venture with QGPC to develop the North Field. Shell

⁴²⁴ See RasGas <http://www.rasgas.com/Operations.html>

⁴²⁵ Douglas Jehl, 'Tiny Gulf Emirate May have 200-year supply', *The New York Times*, 23 July 1997.

⁴²⁶ Siamack Shojai and Bernard S. Katz, *The Oil Market in the 1980s: A Decade of Decline*, New York Praeger, 1992.

would subsequently withdraw from this project in order to focus its gas exploration on Australia. This had a short-term negative impact on Qatar's gas development plans, given the company's initial role in discovering the North Field in the early 1970s.

However, BP and CFP remained involved and in 1984 a joint-venture agreement was signed between QGPC, BP, and CFP officially establishing Qatar Liquefied Gas Company (Qatargas) with the function of managing, operating, marketing and exporting liquid natural gas (LNG) from the North Field. In 1991, the Qatar Europe LNG Company was formed as a partnership between QGPC, Hunt Oil of the US and the Italian conglomerate ENI's Snamprogetti, which held a 30 percent stake. The consortium planned to construct two liquefaction trains at the largely Italian-built port of Ras Laffan, and to ship LNG through the Suez Canal to a new terminal in Ravenna on Italy's northern Adriatic coast.⁴²⁷

Under Sheik Hamad bin Khalifa Al Thani such joint ventures proliferated. Key to this was the introduction of innovative production-sharing agreements (PSA's) with international energy companies in order to boost production.⁴²⁸ From the mid-1990s Qatar had Italian, Japanese, French and American partners participating in its huge North Field gas Project. US giant Mobil (also assigned the lead role in all liquefaction operations at the Rasgas project) and Total of France, a founding partner of Qatargas, increased their share of the upstream project from 10 percent to 20 percent and Mitsui and Marubeni of Japan each took a 7.5 percent stake.⁴²⁹

By 2003 Exxon-Mobil, now the largest foreign investor in Qatar, was describing deals with the country as the 'cornerstone' of the company's LNG business and the senior Exxon official in the country was noting Qatar's 'unique position' not

⁴²⁷ Helem Chapin Metz (ed). *Persian Gulf States: A Country Study*.

⁴²⁸ John Pratap, 'Qatar Energy Milestones', *Gulf Times*, 19 January 2011.

⁴²⁹ See <http://www.qatargas.com/English/AboutUs/Pages/default.aspx>.

simply because it had easily accessible resources and was politically stable but because it had a good vision for the future.⁴³⁰

In October of that year both Exxon Mobil and Royal Dutch-Shell announced major investments in separate natural gas projects in Qatar. The Exxon deal was for a US\$10 billion investment to develop two new liquified natural gas facilities in Qatar's North Field, of which Exxon owned a 30 percent stake in the project called Qatargas II. The intention was for the giant company to play a role at every stage from producing the natural gas to building the transport system used to ship the gas after it is super-cooled into liquid form.

Most importantly, Exxon was expected to buy all the natural gas to be produced once the project got operational in 2008 for sale in the US. For its part, Shell invested US\$5 billion in Qatar's state owned petroleum company to build one of the world's largest gas-to-liquid plans, intended to provide cleaner burning vehicle fuel from natural gas. This would be the largest investment of any major oil company in gas-to-liquid fuel production. Together these two deals were described as 'underscoring a vast and accelerating shift within the oil industry to capitalize on the growing demand for cleaner-burning fuels the world over'.⁴³¹

There were others to follow. In the same year, ConocoPhillips signed an initial agreement with Qatar Petroleum for a US\$5 billion venture to supply of 7.5 million tonnes per annum to the US from 2009. The project involved setting up facilities in Qatar and the US with Conocco Phillips buying and reselling gas in the US. Known as QatarGas 3, this venture was 30 percent owned by ConocoPhillips and

⁴³⁰ http://exxonmobilpipeline.com/Corporate/energy_project_qatar.aspx. See also, Simon Romero, 'A New old way to make diesel', *The New York Times*, 18 January 2006.

⁴³¹ Neela Banarjee and Heather Timmons, 'Big Projects to Develop Natural Gas in Qatar', *The New York Times*, 16 October 2003.

70 percent owned by Qatar Petroleum.⁴³² Qatar also entered into other major partnerships with Sasol of South Africa (to produce a new form of diesel from natural gas) and Total of France.

Apart from an arguably unprecedented willingness to share the risk and reward of its natural resources Qatar also borrowed heavily from various sources in order to finance its gas projects. From 1996 the US Export-Import Bank provided over US\$1 billion in loan guarantees to support the development of Qatar's gas production facilities in cooperation with a range of US, European, and Asian companies, banks, and export credit agencies.⁴³³

Qatar also looked to the international financial markets. This saw the country's heavy debt burden rise to over 100 percent of GDP resulting in onerous domestic and external debt repayments. At the same time this highlighted both the willingness of the country's leaders to bet on the gas strategy and the risk that this entailed.

This was a challenge to development and reform because, as the sovereign debt crisis in Europe from 2008 underlined, states that collect more foreign debt than they can service with available revenues face real constraints on their freedom and ability to implement economic policies and find it very difficult to achieve economic growth.

QGPC used an innovative financing technique introduced in the 1980s, obtaining loans backed by future oil sales, which meant that a significant percentage of the government's revenue from gas exports over the next decade were mortgaged to finance loans. Qatar also issued a successful US\$1.2 billion bond offering backed

⁴³² Jasim Ali, 'Qatar's gas industry scores big successes', *Gulf News*, 31 August 2003.

⁴³³ These loan guarantees were used to support the construction of facilities at Ras Laffan, including the construction of natural gas liquefaction plants and facilities associated with the QatarGas II and III projects.

by US investment and insurance companies—the largest bond ever issued in Middle East.⁴³⁴

The financial crises in Asia, Russia and Latin America in 1997-98 coincided with, and was directly related to, a decision by OPEC to approve a production quota increase, which led to a price collapse during the year, which saw oil fall as low as US\$10 per a barrel.⁴³⁵ This, in turn, posed a significant fiscal challenge across the GCC.

The ensuing global downturn all but destroyed investor and lender confidence in emerging markets. This left Qatar, already committed to its hugely expensive move from oil to gas, struggling to raise large amounts of funds at competitive rates on the international capital markets. Further weak crude prices in 1998-99 resulted in lower Qatari export earnings (down 27 percent in the first quarter of 1998 compared to the same period in the previous year).

On top of this, falling oil revenues reduced the funds that the government had to re-invest in the economy. This resulted in a steep decline in growth in 1998 to 2 percent, down from 10 percent the previous year, and forced the government to adopt a defensive fiscal stance, while also seeking international loans to support the country's balance-of-payments position.

The combination of the drop in the price of oil and the slowdown in economic growth brought about by global financial crisis, resulted in escalating project finance costs and a short-term liquidity problem that restricted Qatar's ability to borrow on the international markets. Indeed, Qatar's reputation was damaged when the government withdrew from the sovereign bond market in the summer of 1998

⁴³⁴ S.M Al-Abdulla and F. Al-Khatib, 'The State of Qatar: A Financial and Legal Overview', *Middle East Policy*, Vol. 8, No.3 (September 2001).

⁴³⁵ Robert Skinner, 'Energizing Supply: Oil and gas Investment in Uncertain Times', *Oxford Institute for Energy Studies*, Oxford, 2005, p.8.

following indications that it would not get the desired price for its debut sovereign offering. In the face of low oil prices and tightening liquidity, the government was soon forced back to the market where it had little choice but to agree to an expensive US\$300 million loan repayable over five years.⁴³⁶

During the same time period Qatar's National Oil Distribution Company (NodCo) clashed with the British financial institution Barclays Capital. In early 1998 the two parties had signed a deal whereby Barclays would arrange and underwrite an US\$850 million loan for NodCo. However, as the international financial crisis intensified Barclays was unable to locate enough interest in the deal and attempted to invoke a clause in the contract that would have permitted it to fundamentally restructure the terms of the loan, a move opposed by NodCo. The legal wrangling that followed did little to endear Qatar to the markets and was responsible for the delay in the signing of a US\$475m loan for Qatar Vinyl, arranged by France's Paribas, Credit Suisse First Boston (CSFB) and the Arab Petroleum Investment Corporation.⁴³⁷

This threatened the very ambitious programme of modernization, a key part of the vision to alter fundamentally Qatar's socio-economic reality but one dependent on harnessing existing oil revenues to tap the country's vast natural gas potential.

The downturn in 1998-99 caused delays to some existing and planned large scale infrastructural and industrial project in the gas and non-gas sectors as the government cut spending plans to match its lower income and reduced borrowing power. Notably, the government delayed the go-ahead for a US\$1 billion aluminum

⁴³⁶ Stefanie Kelimeier and William L. Megginson, 'Are Project Finance Loans Different from other Syndicated Credits?', *Journal of Applied Corporate Finance*, Vol. 13, No. 1 (Spring 2000), pp. 75-87.

⁴³⁷ Ibid.

smelter plant at Ras Laffan, a joint venture between QGPC and Norsk Hydro due to be commissioned in 2002.

The lessons of all this were not lost on the Emir and key policymakers. As noted previously, apart from funding the shift from oil to gas, the revenues from hydrocarbon income were earmarked to pay for the expansion of education, sport, healthcare, culture and an ambitious industrialization programme. But as Qatar's finance minister Yousef Hussain Kamal explained, the government was determined to keep domestic expenditure to a minimum until the worst of the country's external debt repayments were behind it.⁴³⁸

In this environment the government looked to accelerate the privatization process by raising up to US\$1.5 billion in 1998-99.⁴³⁹ This included the sale of a 45 percent stake in the highly profitable state-owned Qatar Public Telecommunications Corporation (Q-Tel), which held the monopoly of telecoms provision in the country. Subsequent sales included the state-owned Qatar Steel Company (Qasco).

The collapse of the Asian export market during the 1998 economic crisis forced Qatar to place greater emphasis on supporting local industries with global market potential rather than those dependent on Asia or any other specific region. This was an increasingly necessary, as well as unavoidable, step in the first five years of Sheik Hamad bin Khalifa Al Thani's rule between 1995 and 2000. All the more so as in these years, the Qatari manufacturing sector as a percentage of GDP actually fell 2.2 percent from 11.2 percent in 1995 to 9 percent in 2000.

Post-2000 Qatari banks also embarked on a massive expansion of credit to the private sector. This privatization drive necessitated a radical overhaul of the restrictive rules in place for dealing with foreigners purchasing Qatari assets. This

⁴³⁸ Economist Intelligence Unit, *Qatar Country Report 4th Quarter 2001-02*, London, 2003.

⁴³⁹ Economist Intelligence Unit, *Country Report: Qatar, 1998*, London, 1999.

revised approach not only helped to attract Foreign Direct Investment (FDI) but was also a key requirement of any comprehensive modernization programme.

As such, Qatar, under its new Emir looked to alter investment laws to attract greater foreign investment and to make the growth of entrepreneurial activity, and job targets more achievable.

The government also introduced legislation opening the Doha Securities Market to foreigners and also set out plans to allow foreign investors to take a majority stake in Qatari manufacturing firms.⁴⁴⁰ Under these rules foreigners were permitted to trade on the Doha Securities Market (DSM), which had its name changed to the Qatar Exchange from 2000. Gulf Co-operation Council (GCC) citizens were allowed to buy and sell shares of new Qatari companies directly, while all other foreigners were be permitted to trade through investment firms.

There was also a provision that allowed for 100 percent foreign ownership in the sectors of technical and consultation services, information and technology and distribution. The amendment also reduced the controls on foreign ownership in nine other sectors, lowering barriers to foreign ownership in order to attract foreign capital otherwise restricted by ownership limitations.

This led the Qatar Industrial Manufacturing Company (Qimco) to seek partners for a planned US\$1.3 billion aluminum smelter, a US\$200 million venture to make car tires and a US\$120 million project to make melamine. For its part the Qatari Chamber of Commerce and Industry also sought US\$500 million equity participation from foreign firms.

One obstacle that explained Qatar and the wider Gulf's traditionally poor (at least in relative terms) performance compared to other emerging markets was a

⁴⁴⁰B. Bakheet, 'Developing GCC Stock Markets: The Private Sector Role', *Middle East Policy Council*, Vol. VI, No. 3 (February 1999).

persistently challenging regulatory environment.⁴⁴¹ In October 2001 Qatar announced the formation of the Supreme Council for Economic Affairs and Investment, headed by the Emir and including the governor of Qatar Central Bank (QCB), and senior ministers holding the foreign affairs, energy, trade, finance, industry and economy portfolios.

The new council was established to oversee the country's policies on economics, trade, finance and energy issues and to formulate policy on the diversification of government revenue sources. It was also tasked with approving expenditure plans in order to streamline and keep close control over budgets and to enforce the twin policies of fiscal prudence and diversification away from oil.⁴⁴²

From 2001, the year that the Supreme Council for Economic Affairs and Investment was founded, Qatar once more began to derive significant benefit from an upturn in the price of oil, which improved the government's financial position enormously.

Revenues for 2000-01 were boosted not only by substantially higher revenues from crude oil but from gains in the developing LNG, condensates and petrochemicals sectors. This allowed for an increase of 15 percent increase in actual spending in 2000-01 over the previous year and a 56 percent increase in spending on capital projects. Strong earnings performances on the back of revenues from surging LNG gas exports to Europe, Asia and the US continued in 2001, 2002 and 2003.⁴⁴³

By 2004 Qatar was the fastest growing market in the Middle East. Government investment amounted to US\$4.1 billion while FDI reached a record US\$2 billion, a

⁴⁴¹ 'The money map and the incentives of integration', *Gulf News*, 19 August 2008.

⁴⁴² See Qatar Ministry of Foreign Affairs, Economic Institutions and Organisations, <http://www.mofa.gov.qa/en/Qatar/Pages/EconomicInstitutions.aspx>.

⁴⁴³ See Economist Intelligence Unit *Country Reports: Qatar, 2001, 2002 and 2003*, London, 2002, 2003 & 2004 respectively.

1543 percent increase over 2003.⁴⁴⁴ Just how impressive this figure was can be seen when it is noted that between 2002-07 the Arab world only attracted an average global FDI of 2.1 percent of GDP compared to 5.3 percent of GDP on average for Central and Eastern Europe.⁴⁴⁵

This resulted in improved ratings from international credit agencies, which in turn prompted Qatar to diversify its sources of international financing. Projects put off in 1998 and 1999 were immediately restated once financing constraints eased and export market conditions improved. This allowed post-1999 Qatar to reinvigorate its industrialisation strategy.

At least five projects were signed off on in that year. They included plans for new roads, buildings and sewerage works that had already been included in the budget but which had been delayed by the Ministry of Finance as part of its drive to restrict expenditure in the late 1990s.

With the rapid upturn in the economic situation post-2000, Qatar, in the words of the *New York Times*, increasingly came to be viewed as a ‘bonanza for international infrastructure companies’,⁴⁴⁶ as well as those who provided them with project finance.

Traditionally no more than 15 international banks had been involved in conducting business across the entire Middle East and North Africa (MENA) region. But from the early 2000s Qatar was at the forefront of changing this as its huge infrastructural development projects required financing that attracted a much larger group of global financial institutions to the region, many of whom had not historically conducted business in the region. At its peak in 2007, Qatari projects were on course to attract as many as 30 plus international banks, mainly from Europe, to participate

⁴⁴⁴ Barbara Bibbo, ‘Qatar’s growth fastest in region’, *Gulf News*, 20 February 2005.

⁴⁴⁵ Tim Rogmans and Haico Ebbers, ‘The determinants of foreign direct investment in the Middle East North Africa region’, *International Journal of Emerging Markets*, Vol. 8, No. 3 (2013), pp.240 – 257.

⁴⁴⁶ Simon Romero, ‘Qatar finds a currency of its own: Natural Gas’, *The New York Times*, 22 December 2005.

in funding infrastructural projects.⁴⁴⁷

The period of economic difficulty in the late 1990s had been important in clarifying Qatar's relationship with the international capital markets. The government post-2000 now also looked to finance new projects by external loans and bonds, rather than volatile oil and gas income, which would now be used instead to reinforce the state's reserves and meet external debt repayments.

On top of this, as noted in chapter 1 in relation to the establishment and practices of the Qatar Investment Authority (QIA), a portion of the rising revenues were also now being set aside for overseas investments, a move that would have major implications for Qatar's global role in the ensuing decade.

The 1998 crisis was also important in terms of defining and cementing Qatar's relationship with its multinational partners. In particular, Exxon Mobil provided Qatar with US\$300 million project loan when other partners were unwilling to do so. This generated significant goodwill in Qatar, a sentiment that has defined the bilateral relationship since then.

Qatar's external debt continued to grow, reaching US\$11.8 billion by the end of 1999, equivalent to 118 percent of GDP. By 2001 this had risen to US\$13 billion. However, the gamble on gas seemed to be paying off, as debt as a percentage of GDP did begin to decline over the same period as hydrocarbon revenues rose once more on the back of higher oil prices and rising exports of LNG, NGL's and gas condensates. Under these circumstances, the total value of exports reached about US\$7.2 billion by 2000, compared with US\$5.4 billion in 1998.⁴⁴⁸

Of particular note was the growing export value of Qatar's various gas products. The government's LNG revenues rose from around US\$100 million in

⁴⁴⁷ See Victoria Robson, 'Bumper year ahead for project financing', *Middle East Economic Digest* (MEED), Vol. 51, No. 9, 2 March 2007, p.29.

⁴⁴⁸ Economist Intelligence Unit, *Country Report: Qatar, 1998*, London, 1999.

fiscal year 1998-99 to US\$640 million in 1999-2000 to nearly US\$700 million in 2000-2001. NGL and condensates earnings were even more impressive. From US\$300m in 1997, they rose to US\$1.5 billion in 1999 and to more than US\$2 billion in 2000 and 2001.⁴⁴⁹

In order to capitalise on this stream of income, so vital for the development of the entire vision of political and socio-economic reform, in 2003 when LNG made up less than 5 percent of the gas marketed globally, it was announced that Qatar planned to invest US\$25 billion over the next 6 years to quadruple its LNG export capacity in order to become the world's largest LNG exporter over the next decade.

Once more an ambitious economic announcement underlined the scale of the Qatari vision, commitment and willingness to take risks. The hope was that recent research that had claimed that natural gas would overtake coal and rival oil as the leading fossil fuel by 2025 was correct and that Qatar would be in a leading position to capitalise on this development when it occurred. In anticipation of this Qatar joined twelve other gas rich nations in establishing a group known as the Gas Exporting Countries Forum, with a liaison office in Doha.⁴⁵⁰

There were still major challenges. Most notably, despite attempts to expand the role of the private sector and the financial system, public expenditure remained by far the most important motor of the domestic economy as the government still struggled with the problem of reducing the state-created and funded jobs that overwhelmingly offered employment to Qatari nationals.⁴⁵¹

⁴⁴⁹ Qatar Statistics Authority, 'Economy - GDP by economic activity Constant price base year 2004', Doha, Ministry of Development, Planning and Statistics, 2013.

⁴⁵⁰ Simon Romero, 'Demand for Natural Gas Brings Import plans, and Objections', *The New York Times*, 15 January 2005.

⁴⁵¹ P.O. Demetraides and K.A. Hussein, 'Does Financial Development Cause Economic Growth? Time series Evidence from 16 Countries', *Journal of Development Economics*, Vol. 51, No. 2 (1996), pp.387-411.

As noted above, for the most part hydrocarbon earnings were traditionally viewed in Qatar, and the rest of the Gulf, in terms of securing the population's loyalty to the ruling family and in terms of their role in the state's distributive policies, in the areas of education, health and housing.

There was much less of a tendency to view these revenues in terms of their contribution to economic self-improvement, the nation's domestic well-being and international standing including place branding and investment opportunities that generate long-term sources of state income.

Post-1995, such investments were viewed as important in and of themselves, as well as necessary to provide the socio-economic stability vital if the gradual move towards political liberalization and democratization (as evidenced in the Municipal elections in 1999 for example) were to succeed.

The global economic downturn of the late 1990s threatened to derail this reform agenda but Qatar managed to stay the course and the reforms introduced by Sheik Hamad bin Khalifa Al Thani in the socio-economic sectors in the first decade of the twenty-first century further entrenched his political position and gained him considerable popular support at home contributing greatly to cementing the relationship between the ruler and the ruled in Qatar.

By the middle years of the 2000s, the high-risk and high-cost strategy of diversifying the economy away from dependence on the oil industry had paid off. Qatar was now a 'gas superpower'⁴⁵² and had successfully established itself 'on the frontier of the global economy'.⁴⁵³ This, in turn, boosted the small state's international prestige nations across the international community who hailed its parallel embrace of political participation and economic reform as a "catalyst for change" in the region.

⁴⁵² 'Qatar's energy minister's \$100b success story', *Reuters*, 28 October 2004.

⁴⁵³ Simon Romero, 'Qatar finds a currency of its own: Natural Gas', *The New York Times*, 22 December 2005.

But while the crises in the oil and money markets of the late 1990s were a stark reminder that increased economic interdependence in an increasingly globalised world directly threatened sovereignty and independence there were also other kinds of crises in the strategic sphere that Qatar had to address. They will be the subject of the next chapter.

Chapter 5

Between the West and the Arabian Gulf:

The Limits and Opportunities for Small State diplomacy in the Post-9/11 Era

‘[A small state] recognizes that it can not obtain security primarily by use of its Own capabilities, and that it must rely fundamentally on the aid of other states institutions, processes or developments to do so’.

Robert Rothstein⁴⁵⁴

This chapter will examine Qatar’s response to the changing geo-strategic realities in the Gulf region in the years following the September 11 (9/11) attacks. In doing so, it will argue that in looking to pro-actively address its external environment from 2001 onwards, Qatar has challenged much of the literature on how small states should act in the international system.

That said, this chapter also acknowledges that at times during this period Qatar has also had little choice but to adopt to traditional role of a small state in its external engagement, thus highlighting in the process the constraints facing even the most ambitious small states when acting outside of their own sovereign borders. This is particularly true of Peterson’s assertion that small states must be able to reach a *modus vivendi* with their neighbours and that they generally require a powerful protector against larger neighbours.⁴⁵⁵

The evolving Qatari relationship with the US and Saudi Arabia (the two major pro-western powers in the Gulf region) and its engagement in conflict resolution and mediation in Lebanon and Israel-Palestine in the years immediately preceding and following the 9/11 Al-Qaeda attacks on New York and Washington clearly highlights

⁴⁵⁴ Robert L. Rothstein, *Alliances and Small Powers*, p. 29.

⁴⁵⁵ J.E. Peterson, ‘Qatar and the World: Branding for a Micro-State’, *Middle East Journal*, p.741.

all this and these four important case studies will form the basis of this chapter's analysis.

As examined in chapter 3 Qatar's bilateral relationship with the US was a key aspect of Qatar's foreign policy in the second half of the 1990s. This continued into the new millennium. In April 2001 Qatar's foreign minister expressed confidence that the US and Qatar would maintain fruitful cooperation in the service of, what he termed, 'common objectives' in order to meet future challenges.⁴⁵⁶

The following July, General Tommy Franks, commander of American forces in the Persian Gulf, signed a statement of intent with Qatar that gave expression to many of the same sentiments in the military sphere.⁴⁵⁷ Indeed, by the time of the 9/11 attacks, Qatar was host to the largest US military preposition base outside of North America.

In his work on the US-Iranian relationship during the pre-revolutionary era Mark Gasiorowski defined a patron-client relationship as a strategic relationship between a strong state and a weak state that is characterized by 'a reciprocal exchange of goods and services ...[that] bind[s] the two governments together in a cooperative, mutually beneficial relationship'.⁴⁵⁸

It would be incorrect to claim that pre-9/11 the Qatari-US bilateral strategic relationship followed the traditional pattern of a patron-client relationship. As noted in chapter 3 in relation to differences over Iraq strategies in the second part of the 1990s, though the dominant party, the US could never claim to have control over important segments of Qatar's foreign policy whether it be the kingdom's policy towards Iran, Saudi Arabia or Iraq.

⁴⁵⁶ 'Qatar to continue effort towards democratisation', *Gulfnews.Com*, 11 April 2001.

⁴⁵⁷ Jane Perlez, 'Commander's visit part of growing role for Qatar', *The New York Times*, 18 September 2002.

⁴⁵⁸ Mark Gasiorowski, *U.S. Foreign Policy and the Shah: Building a Client State in Iran*, Ithaca, New York, Cornell University Press, 1991.

Certainly, Qatari officials were unequivocal in their condemnation of the 9/11 attacks. They signed up to a statement issued by participants at a GCC emergency meeting that offered ‘total support and cooperation’⁴⁵⁹ for the US in the wake of the attacks. For his part, Sheik Hamad bin Khalifa Al Thani also described the attacks as ‘unprecedented, and almost beyond our imagining’.⁴⁶⁰

On a more practical level Qatar’s Emir was also the first Gulf leader to visit Washington after 9/11. From the time of his visit onwards, Qatar offered cautious support for the US-led and UN-backed military operation against the Taliban in Afghanistan.

No less importantly, between 2001 and 2003 Qatar held the chairmanship of the Organization of the Islamic Conference (OIC), the international organization comprising 57 Islamic countries. In this capacity Doha played an invaluable role in persuading participants at an early October 2001 emergency session of OIC foreign ministers to refrain from condemning US military action in Afghanistan.

Both positions underscore Qatar’s willingness, either out of necessity or choice, to play a deferential role as smaller partner to the US superpower in the immediate wake of 9/11. Having said that post- 9/11 the bilateral relationship became even more complex and complicated. Wright, for example, has argued that the American security guarantee has provided Qatar with ‘a greater degree of autonomy in foreign policy.’⁴⁶¹

The Qatari leadership, for its part, was careful not to provide blind or open-ended backing for the US at this early stage of what would become known as the

⁴⁵⁹ ‘Warren Hoge, ‘Gulf Allies; Six Arab States Offer Support’, *The New York Times*, 24 September 2011.

⁴⁶⁰ Serge Schmemmann, ‘Leaders seek to discern root causes of violence’, *The New York Times*, 11 November 2011.

⁴⁶¹ S. Wright, ‘Foreign Policies with International Reach: The Case of Qatar’, David Held and Kristian Ulrichsen (eds.) *The Transformation of the Gulf: Politics, Economics and the Global Order*, London, Routledge 2011.

Global War on Terror (GWOT).⁴⁶²

Speaking before the UN General Assembly in New York in November 2001, the Emir, in his capacity as chairman of the OIC and in clear recognition of the sympathy for the Palestinian armed struggle against Israel across the Muslim world, was insistent that 9/11 should not be used as a pretext to condemn legitimate national liberation struggles.⁴⁶³ Qatar also publicly expressed ‘deep concern’ over the loss of civilian life following the commencement of the Afghan campaign.

In a press conference of mid-October 2001, Qatar’s foreign minister categorically denied that any Qatari bases were being used by the US to strike Afghanistan. He argued that while the US had access to Qatari military facilities they did not ‘have fighter planes only support planes’. But he qualified his statement by acknowledging that if the US were to subsequently request access to or the use of Qatari bases for military operations, ‘we will study it in accordance with the agreements and in the light of the circumstances’⁴⁶⁴

In his above statement, Qatar’s foreign minister was technically correct in the sense that the US had only begun to use the Al Udeid base on 29 September 2001 when the air force needed to get aircraft to the region to prepare for the war against the Taliban in Afghanistan. But soon afterwards the US did use this base extensively for air raids, surveillance and refuelling duties over the skies of Afghanistan.

As had been the case in the last years of the 1990s, in 2002 Qatar once more agreed to permit major building work at Al Udeid air base and also spent US\$400 million of its own money on upgrading facilities there, most notably increasing

⁴⁶² ‘Qatar bases not used in launching strikes’, *Gulfnews.com*, 11 October 2001.

⁴⁶³ Serge Schmemmann, ‘Leaders seek to discern root causes of violence’, *The New York Times*, 11 November 2001.

⁴⁶⁴ ‘Qatar bases not used in launching strikes’, *Gulfnews.com*, 11 October 2001.

warplane capacity and facilities so that they could house troop levels of about 2,000.⁴⁶⁵

These improvements were being made to an already highly developed military site. One former head of CENTCOM, General Anthony Zinni, on a visit to the Al Udeid base in the same year was extremely impressed over how the facility was already designed to withstand biological and chemical attacks and home to one of the largest runways in the Middle East (at 4,500 metres), adding that it was ‘phenomenal, with a lot of capability’.⁴⁶⁶

By the Spring of 2002, the *Washington Post* was reporting that Qatar had made it clear to Pentagon officials that they would not seek to place limits on US operations from bases in the country. Publicly however, Qatari officials were more circumspect, telling the western media that any decision on whether to allow US forces to use Al Udeid would depend on the view of its GCC partners, because although Qatar was ‘bound by our bilateral treaties with the US’, as one official put it, ‘a concerted and well considered approach will be in the interest of all parties concerned’.⁴⁶⁷

That said, during a television interview in October 2002 Qatar’s foreign minister admitted that his government did not have full knowledge of what was going on at the Al Udeid base, explaining that, ‘we know of some of what’s happening there. But I’d be lying to you if I said we are in 100 percent control of the base’.⁴⁶⁸

In these terms it was hardly surprising that by late 2002 there was widespread speculation that Qatar would play a ‘significant international role’ in any future US

⁴⁶⁵ *The Washington Post*, 6 April 2002.

⁴⁶⁶ Jane Perlez, ‘Commander’s visit part of growing role for Qatar’, *The New York Times*, 18 September 2002.

⁴⁶⁷ ‘Qatar in dilemma over US threat to Iraq’, *Reuters*, 14 July 2002.

⁴⁶⁸ Craig S. Smith, ‘A Tiny Gulf Kingdom bets its stability on support for US’, *The New York Times*, 24 October 2002.

military invasion of Iraq.⁴⁶⁹ Such views had been given credence by the visits to Qatar by US Vice President Dick Cheney and US Defence Secretary Donald Rumsfeld in the first half of 2002. During his June visit (which also took in Bahrain and Kuwait), Rumsfeld denied he was ‘soliciting allies’ for the invasion of Iraq.⁴⁷⁰ Instead he insisted that the reason for his visit was to thank his hosts for their support in Afghanistan.

Similar denials were regularly restated in public by Qatari officials who remained adamant that while they had no objection to the US military operating on their sovereign territory, the country would never be permitted to be used as a launch pad for any US attack on Iraq. As one senior Qatari official told *Reuters*, ‘We do not oppose a lasting American military presence on our soil for deterrence and defence purposes, but we do not want our soil to be used against brotherly Iraq or any other Arab or Muslim country’. This view was reiterated most importantly by Sheik Hamad bin Khalifa Al Thani who stressed that he would not allow Qatar to be used for an attack against another Muslim or Arab state.⁴⁷¹

In a statement published subsequently, he was less clear-cut than his Emir on Qatar’s position in any future US war against Saddam. He once more insisted that his country opposed any war against Iraq, and he admitted that he feared that war would ‘destabilize the region’ and that it was necessary to ‘slow down the process’ towards war. He did not, however, rule out the possibility that Qatar would allow the US to use its military bases to launch an attack if such a war broke out.

Most notably, when asked if his government would grant the US permission to use planes and soldiers based in Qatar to invade Iraq he said ‘if they asked us, we

⁴⁶⁹ Economist Intelligence Unit, *Country Report Qatar*, 2002, London, 2003.

⁴⁷⁰ Thomas Shanker, ‘Rumsfeld, at base near Iraq, Warns Sponsors of Terror’, *The New York Times*, 10 June 2002.

⁴⁷¹ ‘Qatar welcomes US military presence’, *Reuters*, 13 September 2002.

would look at this seriously’, before continuing, ‘nobody asked us. But you have to realise that we have a very special relationship with the US, and this relation[ship] will always be in our consideration in any decision’.⁴⁷²

Other officials acknowledged, on the condition of anonymity, that if the US pushed to use Qatari territory to launch an attack on Iraq, it would be very difficult to either refuse the request or prevent it from happening. As one such official put it, the US was an important ‘political, economic and military ally with which Qatar has various political agreements and it would be difficult to jeopardise those agreements’.⁴⁷³

In September 2002 commander of American forces in the Persian Gulf, General Tommy Franks met the Qatari Emir to discuss the rapidly moving strategic situation in the region. Over the course of the next two months some 600 staff based at CENTCOM headquarters in Tampa, Florida, moved to Qatar to participate in a week-long exercise dubbed ‘Internal Lock’. This was an electronic war game that used a mobile state of the art electronic command post to link various US led forces throughout the region with each other and the CENTCOM headquarters in Tampa.

The decision to relocate about one quarter of CENTCOM’s entire Florida-based staff to Qatar for the exercises marked the first forward deployment of Central Command since 1991. This clearly highlighted that the Al Udeid air base was increasingly serving as a logistics, command, and basing hub not only for US operations in Afghanistan but for preparations for any subsequent military action in Iraq.⁴⁷⁴

On 11 December 2002, at the same time as the military phase of the war against Al-Qaeda and the Taliban in Afghanistan came to an end, Qatar and the US

⁴⁷² James Dao, ‘Qatar of 2 minds about a war, says envoy’, *The New York Times*, 13 September 2002.

⁴⁷³ ‘Qatar in dilemma over US threat to Iraq’, *Reuters*, 14 July 2002

⁴⁷⁴ ‘Franks in Qatar for major drill’, *Reuters*, 7 December 2002.

signed an agreement to upgrade Qatari military bases, in particular Al Udeid (already home to an estimated 4,000 US troops and 40 aircraft) so that, at a cost of US\$1 billion, it would be able to accommodate, if need be, up to 10,000 troops and 120 planes.

As noted above, Qatar at this time also pledged an extra US\$400 to build residential quarters for CENTCOM staff. Interestingly, in the context of the security relationship between a small state and a major power, it was reported that Qatar had made the deployment of a ‘credible’ force of 10,000 US troops in the country a condition of allowing the US use its facilities, on the grounds that this US presence would function as a tacit deterrent to any regional threats that Doha faced.⁴⁷⁵

Though Secretary of Defence Rumsfeld was clear that the agreement was ‘not connected to Iraq’,⁴⁷⁶ there was little doubt that it was, at least in the short-term, intended to address the growing standoff between the Bush administration in Washington and Saddam Hussein.

Just over a week after this agreement was signed, on 20 December 2002, General Richard B. Myers, Chairman of the US Joint Chiefs of Staff, visited the As Sayliyah and Al Udeid military bases. Within days the US had also moved to deploy its most advanced ground radar system to Qatar to protect its installations at Camp As Sayliyah. The Joint Tactical Ground Station (as the radar equipment is known) had previously only been deployed in Germany and South Korea.⁴⁷⁷

In February 2003, an OIC Summit aimed at stalling any imminent US invasion of Iraq was held in Doha. At the same time as Qatar’s foreign minister read out the summit’s final communiqué, which called on the member states to refrain from any

⁴⁷⁵ Economist Intelligence Unit, *Country Report, Qatar, 2003*, London 2004.

⁴⁷⁶ ‘US and Qatar Sign Pact to Update Bases’, *The New York Times*, 12 December 2002.

⁴⁷⁷ Eric Schmitt, ‘New Mobile Radar System looking out for Iraqi Missile Launchings in the Gulf’, *The New York Times*, 26 December 2002.

action that might ‘affect the integrity and unity of the Iraqi territory’, an estimated 6,000 CENTCOM and other US staff officers were stepping up their preparations at bases nearby that by now housed 120 US fighter planes.

In April 2003, following the 200,000-strong Anglo-American invasion of Iraq, an estimated 10,000 people participated in a peaceful demonstration near the American embassy in Doha against US and Israeli policies in the region. Included in the crowd were members of the municipality of Doha and the Advisory Council as well as the famous Egyptian cleric Sheikh Youssef Al Qaradawi a regular host on Al-Jazeera, the Doha based new channel that is the subject of the next chapter.

Despite popular opposition to the US invasion, as evidenced by the above protest, following the initial military phase of the Iraq war, which saw the toppling of the Saddam Hussein regime, Qatar was among the first states to welcome the establishment of the US-appointed Iraqi Governing Council in Baghdad. The country also provided considerable assistance to the post-war pro-US regime in Iraq, donating US\$15 million to education in October 2003, and forming a joint committee to channel Qatari investment into the Iraqi energy sector.⁴⁷⁸

At least in the immediate term, from the US perspective it was Qatar’s strategic location and the role of its bases on Qatari territory rather than Doha’s political or humanitarian support that was the most important aspect of the bilateral relationship.

During the conflict, between 10 to 15 percent of CENTCOM’s personnel moved from Florida to Qatar. In January 2004, General John Abizaid, the recently appointed head of CENTCOM, explained that while the ‘majority [of CENTCOM’s]

⁴⁷⁸ Raymond Hinnebusch, ‘The Iraq War and International Relations: Implications for Small States’, *Cambridge Review of International Affairs*, Vol. 19, No. 3 (2006), pp.451-462.

work' would still be undertaken in Florida, 'the time zone calls us forward and 200,000 troops fighting in that area call us forward and that's where we will be'.⁴⁷⁹

As noted above, on the eve of the Iraq War, the US had deployed the Joint Tactical Ground Station radar in Qatar. It had long been a goal of CENTCOM to gain permission for such equipment to be stationed in the Gulf. All previous efforts to convince Saudi Arabia to agree to host this advanced technology had failed. As such, this deployment was an important military milestone for the US in the region.

At the same time, this deployment highlighted and underlined in a very practical way the changing strategic relationship in the region between the US, Qatar and Saudi Arabia. In part, it was due to the fact that, as Patrick N. Theros, the US ambassador in Doha between 1995 and 1998 explained, 'the Qataris have decided that their future lies in having the closest possible ties with the United States'.⁴⁸⁰

It was also the case that Qatar's 'assiduous courtship'⁴⁸¹ of strategic and military ties with the US following the change of leadership in 1995 was given a boost by the increasingly strained relations between Riyadh and Washington in the period following the 9/11 attacks.

By the time of the 9/11 attacks the alliance with the US has been vital to Saudi Arabia's security for almost half a century. However, 9/11 brought to the surface underlying tensions in the bilateral US-Saudi relationship. From an American perspective the discovery that many of the 9/11 hijackers were Saudi citizens was

⁴⁷⁹ Economist Intelligence Unit, *Country Report, Qatar, 2003*, London, 2004.

⁴⁸⁰ Michael R. Gordon, 'US is Preparing Base in Gulf State to Run Iraq War', *The New York Times*, 1 December 2002.

⁴⁸¹ Jane Perlez, 'Commander's visit part of growing role for Qatar', *The New York Times*, 18 September 2002.

partly responsible for the erosion of relations as political and popular opinion in the US became increasingly wary of ties with the Saudi kingdom.⁴⁸²

For its part, in the wake of 9/11 Saudi Arabia was increasingly distrustful of US plans for the region. In turn, it became increasingly reluctant to be seen as Washington's moderate ally in the Arab world.⁴⁸³ There were historical precedents for this Saudi belief that the strategic relationship with the US, vital as it was, did its regional standing significant damage.

During the early 1970s, for example, Saudi ruler, King Faisal, long regarded as one of the most pro-western of all Arab leaders, acknowledged openly in an interview with NBC Television that 'We are now under attack from the Arabs themselves...because of our friendship with the US'.⁴⁸⁴ This culminated in Faisal's support for the Arab oil embargo of late 1973 partly as a response to US support for Israel in the October 1973 Arab-Israeli war.

As early into his presidency as January 2001, the White House stated that President George W. Bush wanted to keep the US military presence in Saudi Arabia. But from late 2001, in the wake of 9/11, the US move to build up its military capacity in Qatar was partly motivated by a belief in the possible need to shift its regional command headquarters out of Saudi Arabia in the short term.

There had long been an important precedent for limiting US military access in Saudi Arabia, when in the early 1960s, at a time of rising Arab nationalist influence in the Arab world, the Saudi government bowed to pressure and closed the American air base at Dhahran. Moreover, the unavoidable reality was that a decade on from the

⁴⁸² David Ottaway, 'The King and US: U.S.-Saudi Relations in the Wake of 9/11', *Foreign Affairs*, Vol. 88, No. 3 (May-June 2009), pp.121-131 p.126.

⁴⁸³ *Ibid.*, p.122.

⁴⁸⁴ Edward Cowan, 'New Part of the Mideast Problem: US oil Supplies', *The New York Times*, 10 September 1973.

liberation of Kuwait, there was little appetite or support for US troops amongst the local Saudi population and the issue was a constant source of concern for the country's leadership.

However, and it is important to note, just as in the immediate post-oil crisis era in the mid-1970s when American and Saudi leaders worked hard to return to a mutually beneficial bilateral strategic relationship, one was also able to discern this pattern in the post 9/11 era. Most notably, during his visit to President George W. Bush's ranch in Crawford, Texas, in April 2002, Crown Prince Abdullah succeeded in reducing bilateral tensions between Washington and Riyadh.

This, however, did not alter the fact that increasingly in the face of realities on the ground the 'tiny, forward looking emirate [of Qatar]',⁴⁸⁵ as one journalist described it at the time, offered a more positive environment than Saudi Arabia for advancing US strategic interests in the region.

In April 2003, the US finally announced that it was relocating its major air operations centre for the Middle East responsible for overseeing hundreds of air missions over Iraq from Prince Sultan Air Base near Riyadh in Saudi Arabia to the Al Udeid Air base in Qatar. Major-General Victor E. Renuart, the Central Command's director of operations, explained the move to Al Udeid as a good strategic fit and a 'sort of natural progression for us as we look for a footprint that will be maintainable in the future'.⁴⁸⁶

As evidenced in the above explanations, this move was widely presented on the American side simply as a matter of convenience on the grounds that once the military phase of the operation against Saddam Hussein's regime had finished and the

⁴⁸⁵ Craig S. Smith, 'A Tiny Gulf Kingdom bets its stability on support for US', *The New York Times*, 24 October 2002.

⁴⁸⁶ Michael R. Gordon 'Bases; US Will Move Air Operations to Qatar Base', *The New York Times*, 28 April 2003

US was now flying a few hundred rather than a few thousand missions, a major Combat Air Operations Centre (CAOC) in Saudi Arabia was no longer needed.⁴⁸⁷

To a certain extent it is even arguable that the Saudis were relieved that Qatar provided an answer to the troubling question that had preoccupied them for a decade –how to end the US presence on their territory without ending the security guarantee that came with a significant deployment of US forces in the region.

Given Saudi Arabia's long-time dominance of the GCC some commentators went further arguing that the strategic realignment of the American military presence in the region in favour of Qatar must have been done with the Saudi blessing because it was 'hard to imagine' how any of the 'smaller members of the GCC could afford to host American bases without Saudi acquiescence'.⁴⁸⁸

Having said this, there is also no doubt that Qatar's increasingly central role in US military and strategic planning should not be ignored. In early 2004, the well-informed and often prescient *Economist Intelligence Unit* was of the view that Qatar was 'steadily displacing Saudi Arabia as a key location for US military facilities in the Gulf'.⁴⁸⁹

Further evidence that Saudi Arabia was not only not complicit in the process but saw it as a challenge to its lead strategic partnership with the US in the region was the negative impact that the military realignment had on bilateral Saudi-Qatari relations.

In the early 2000s these relations took on a 'roller-coaster-like' nature as one informed regional commentator put it.⁴⁹⁰ Notably, in October 2002, Saudi Arabia

⁴⁸⁷ Ibid.

⁴⁸⁸ Shibley Telhami and Fiona Hill, 'Does Saudi Arabia Still Matter?', *Foreign Affairs*, Vol. 81, No.6 (November-December, 2002), pp.167-178, p.171.

⁴⁸⁹ Economist Intelligence Unit, *Country Report, Qatar, 2003*, London, 2004.

⁴⁹⁰ Sultan Sooud Al Qassemi, 'How Saudi Arabia and Qatar Became Friends Again', *Foreign Policy*, 21 July 2011.

recalled its ambassador from Doha in response to what one official described as ‘unilateral actions that infringe on the Gulf consensus’.⁴⁹¹

Qatar played down this dispute as nothing more than a ‘misunderstanding’.⁴⁹² Subsequently, in a question and answer session at the Council on Foreign Relations in New York in September 2005, Qatar’s foreign minister evaded audience questions on the ‘complications’ caused for Qatar’s relationship with Saudi Arabia due to its hosting of US military forces. Instead, he diplomatically underlined Qatar’s ‘obligation’ to cooperate with the US in the region and pointed out that neighbouring states had done the same much earlier than Qatar ever had.⁴⁹³

On top of this, as examined previously in chapter 3, from the early 1990s there had been noticeable tensions in the Qatar-Saudi bilateral relationship that also contributed to the evolving tensions in the post-911 and post-Iraq invasion periods. Certainly, many of the country’s foreign policy approaches, whether intentionally or not, had the effect of distancing Qatar from Saudi Arabia. These included its attempt to build bridges with Iran, Iraq and Israel; and its support for the North in the Yemen Civil War, which prevented the Saudi-led GCC from officially recognizing the Southern government. This ultimately resulted in placing Qatar, and by default the GCC, on the side of the victor.

The move towards political liberalization in Qatar post-1995 was even viewed in some quarters as an explicit attempt to distinguish the country from its Saudi neighbour. And, of course, as the next chapter will show, there was also the issue of the Al-Jazeera satellite channel’s tendency to report on Saudi Arabia, primarily in terms of its lack of political progress, and to provide a platform for Saudi dissidents,

⁴⁹¹ ‘Saudi Arabia, Qatar play down rift’, *Reuters*, 1 October 2002.

⁴⁹² Roger Stern, ‘Oil market power and United States national security’, *Proceedings of the National Academy of Sciences of the United States of America*, Vol. 103, No. 5, 31 Jan 31, 2006, pp. 1650-1655.

⁴⁹³ ‘A Conversation with Sheik Hamad Bin Jassim Bin Jabr al-Thani’, *Council on Foreign Relations*, New York, 14 September 2005.

that infuriated the country's leaders.

The extent that Qatar's innovative approach to domestic development and external involvement from the mid-1990s onwards was motivated by the desire to come out of the shadow of Saudi Arabia is hard to measure. It certainly was only one of several motivating factors. However, what is certain is that the war in Iraq altered the three-way US-Qatari-Saudi relationship and with it the regional strategic dynamic as Qatar consolidated its position as a key partner of the US in the region, and one whose own foreign policy, with some notable exceptions, was closely aligned with that of Washington.⁴⁹⁴

This new strategic reality also contributed to Qatar's growing reputation in the US, certainly when compared to Saudi Arabia, as a 'relatively benign autocracy' and 'Islam's tolerant face'.⁴⁹⁵ As well as being perceived as lacking much of the popular hostility towards strategic cooperation with the US that defined Saudi Arabia at all levels of society, Qatar was increasingly viewed as a politically and socially progressive partner.

Even before 9/11, Qatar had worked hard at developing this perception as part of its efforts to develop its small state branding. For example, in April 2001, the inaugural Qatari-American Conference on Free Trade and Democracy took place in Doha. The meeting addressed issues including democracy, economic growth, religious tolerance, free trade and human rights.

In the post-9/11 world Qatar, especially compared to Saudi Arabia, seemed to offer itself as an oasis of stability, progress and goodwill in a turbulent region. Certainly, compared to Saudi Arabia, there was no history of religious groups with

⁴⁹⁴ Jacob Abadi, 'Qatar's Foreign Policy: The Quest for National Security and Territorial Integrity', *Journal of South Asian and Middle Eastern Studies*, Vol. 27, No. 2 (Winter 2004), p.14-37.

⁴⁹⁵ Max Boot, 'Islam's tolerant face', *Los Angeles Times*, 8 March 2006.

articulated grievances that had to be addressed in Qatar. Nor was Islamist extremism viewed as a major or pressing internal security concern.

Following Sheik Hamad bin Khalifa Al Thani's accession to power there was only one notable incident relating to radical Islamist operatives. In 1996, US officials learned that Khalid Sheikh Mohammed, who was wanted in connection with the plot to blow up 12 US planes over the Pacific Ocean, was living in Doha and working at the Public Works Ministry. When agents arrived in Qatar they were told that Mohammad was nowhere to be found. Subsequently, US officials would claim that Mohammed, a suspected lieutenant of Ramzi Ahmed Yousef, a convicted terrorist, had been tipped off by Qatari officials.⁴⁹⁶

However, while radical Islamist terror was far less of an issue in Qatar's bilateral relationship with Washington than it was for Riyadh post 9/11, as shall be seen in the next chapter, Washington like Riyadh would take Doha to task regularly over what was perceived to be the sympathetic coverage of Al-Qaeda and Osama Bin Laden on the Al-Jazeera news channel.

And while Qatar and the US subsequently signed an agreement covering the exchange of information on terrorists and other similar security-related matters, there remained scepticism on the US side, with *Wikileaks* revelations showing that for at least some in the US counter-terror bureaucracy Qatar was the least accommodating of any of the GCC partners in terms of waging the GWOT.

Nevertheless, in terms of stability in the post 9/11 era Qatar experienced very few terror attacks certainly compared to Saudi Arabia. There were two exceptions. The widely publicized February 2004 assassination in a bomb blast of former

⁴⁹⁶ See James Risen, 'US Officials Say Aid for Terrorists Came Through Two Persian Gulf Nations', *The New York Times*, 8 July 1999. Khaled Sheik Mohammad was eventually captured in March 2003 by Pakistani security forces in the country and handed over to US. In mid-2007 he confessed to the 9/11 attacks, as well as a number of other infamous terror operations.

Chechyan President Zelimkhan Yandarbiyev, who had been living in exile in Qatar since 2001; and a suicide bombing in March 2005 in a Doha theatre popular with western expatriates, which killed one British citizen and wounded a dozen.⁴⁹⁷

In October 2005, the US also warned of possible terror attacks on Doha hotels. The warning was intended primarily for US citizens who were advised to stay away from major hotels during the third week of Ramadan. In response Qatar increased its terror alert. This was the first terror warning the US had ever issued for citizens in Qatar. This alert was rescinded in early November.

The inter-relationship between internal stability, political and social development and strategic cooperation in the post 9/11 era was clearly highlighted by the fact on the same day that Qatar held a referendum on the constitution – 29 April 2003 – US Secretary of Defence Rumsfeld announced the planned departure of US forces from Saudi Arabia before the end of the year.

All these developments also had significant implications for the growing US-Qatari bilateral relationship in the economic and energy sectors.⁴⁹⁸ Trade relations between the two countries had not traditionally been significant for either party. Between 1982 and 1992 Qatari imports from the US were the lowest of any of the GCC states. In 1982 they amounted to US\$153million worth of goods. A decade later this had only risen to US\$189 million. Qatari exports were also the lowest to the US of any GCC state. In 1982 the figure stood at US\$110million. By 1992 it had fallen to US\$76 million.⁴⁹⁹

⁴⁹⁷ Prior to his assassination, Russia had repeatedly protested Qatar over the decision to provide sanctuary to Yandarbiyev.

⁴⁹⁸ US Department of State: Background Note Qatar, <http://www.state.gov/r/pa/ei/bgn/5437.htm>

⁴⁹⁹ Hassan Hamdan al-Alkim, *The GCC States in an Unstable World: Foreign Policy Dilemmas of Small States*, London, Saqi Books, 1994, p.145.

In part this was due to the fact that Qatar, a ‘relatively small’ oil producer,⁵⁰⁰ was not a key Gulf oil supplier to the US – a distinction that fell to Saudi Arabia, Kuwait and the UAE.⁵⁰¹ However, in the wake of the 1990-91 Gulf conflict Qatar had looked to deepen its economic as well as its strategic ties with the US. As part of its strategy, noted in chapter 4, of encouraging external partners to join projects in the energy sector, the country signed major co-operation deals with American energy companies like Occidental Petroleum and Mobil.

Moreover, as the US domestic market increasingly embraced new gas-fired technology to generate power, Qatar’s evolving position as a leading global producer and exporter of gas helped to cement ties in the economic sphere. In the immediate years following 9/11, the US only held 3 percent of global gas reserves but had seen the use of natural gas in electric power production increase by almost 40 percent since 1990. By 2003 the US had emerged as the key future growth market for LNG accounting for one quarter of the natural gas consumed in the world each day.⁵⁰²

Over the same period, one economic factor that influenced the bilateral US-Qatari relationship indirectly at least was the gradual erosion of Saudi Arabia’s status as the predominant and untouchable master of the global oil markets – a status that had been a central component of long-time US-Saudi strategic ties.⁵⁰³

As far back October 1974, then Saudi foreign minister Omar Saqqaf had passed on assurances to the US from King Faisal that his country was committed to

⁵⁰⁰ Bruce Maddy Weitzman, *Middle East Contemporary Survey*, Vol. 21, Boulder, CO., Westview Press, 1999, p.215.

⁵⁰¹ Shibley Telhami and Fiona Hill, ‘Does Saudi Arabia Still Matter?’, *Foreign Affairs*, p.168.

⁵⁰² Daniel Yergin and Michael Stoppard, ‘The Next Prize’, *Foreign Affairs*, Vol. 82, (November-December, 2003), pp.103-114, p.105.

⁵⁰³ Timothy E Wirth, C Boyden Gray and John D. Podesta, ‘The Future of Energy Policy’, *Foreign Affairs*, Vol. 82 (July-August, 2003), p.132-155, p.134. In 2003, of the one trillion barrels of oil reserves, only 4 percent were found in the US, and over 60 percent in the Persian Gulf. A quarter of US imports were from that region.

ensuring that OPEC provided a stable and affordable supply of oil.⁵⁰⁴ Such promises were entirely credible in the mid-1970s. At the time Saudi Arabia was the only global oil producer able to raise or reduce its production by millions of barrels per day without negatively impacting on its own financial wellbeing. Few doubted that this capacity gave the kingdom significant influence and credibility in Washington from the 1970s onwards

Following the overthrow of the pro-Western Shah of Iran, Mohammad Rezā Shāh Pahlavī, by Islamic revolutionaries in February 1979, the Saudis, who still controlled around one third of OPEC's oil reserves, increased oil production from an average of 8.5 million bpd to 9.5 million bpd in an attempt to stem the global economic crisis that events in Iran had triggered.

While it is true that Saudi Arabia's absolute capacity to control both the price of oil and production of the prized commodity was watered down in the 1980s for reasons to do with both supply and demand, it remained the dominant, moderate pro-western oil producer for the rest of the century.

As examined in chapter 4 in relation to Qatar's economic diversification efforts, in 1998 oil prices fell dramatically, at times hitting a low of US\$10 per barrel and Riyadh, which had seen its US\$100 billion cash reserves of 1981 dwindle over the next two decades notably due to the cost of financing Iraq's war against Iran (1980-88) and the subsequent US war against Saddam (1990-91), found itself desperately short of funds.⁵⁰⁵ Worse, it had been Saudi actions that had partly resulted in the collapse of the price of oil in the late 1990s as the country attempted to re-assert

⁵⁰⁴ 'Faisal Assures Kissinger of Aid to Cut Oil Prices', *The New York Times*, 14 October 1974.

⁵⁰⁵ F. Gregory Gause III, 'Saudi Arabia over a Barrel', *Foreign Affairs*, Vol. 79, No. 3 (May-June, 2000), pp.80-94.

its leadership of OPEC in the face of Venezuelan efforts to break with Saudi control.⁵⁰⁶

Though this move was successful in terms of Saudi Arabia asserting its centrality to the oil markets it came at a cost, as it resulted in much reduced oil revenues at a time of major budgetary pressures. Per capita income in Saudi Arabia in 2001 was US\$6,800 down from \$28,600 in 1981. By comparison the average per capita income in Qatar in the same year was US\$26,000.⁵⁰⁷

Coinciding with this, and in the period immediately preceding and following 9/11, Russia, following on from Venezuela's recent attempt to challenge Saudi oil hegemony, engaged in a high-profile stand-off with OPEC over its refusal to comply with the organisation's demands for substantial production and export cuts to boost oil prices at a time when its members were placing restrictions on output. Instead, Russia consistently looked to increase its annual oil output at a rate of nearly half a million barrels per day (bpd), the largest single increment of increased output of any country in the world.⁵⁰⁸

This led Saudi Arabia to take a series of decisions to increase the price of oil that contradicted its traditional oil policy since the late 1970s of preventing price spikes and holding down prices. As the price of oil rose during 1999, Saudi oil production fell by more than 1 million bpd and Riyadh also led the way in the March 1999 agreement between major OPEC and non-OPEC producers to reduce production.⁵⁰⁹

⁵⁰⁶ Edward L. Morse and James Richard, 'The Battle for Energy Dominance', *Foreign Affairs*, Vol. 81, (March-April, 2002), pp.16-31, p.20.

⁵⁰⁷ Eric Rouleau, 'Trouble in the Kingdom', *Foreign Affairs*, Vol. 81, No. 4 (July-August, 2002), pp.75-89, p.85.

⁵⁰⁸ Edward L. Morse and James Richard, 'The Battle for Energy Dominance', *Foreign Affairs*, p.22.

⁵⁰⁹ See Amy Myers Jaffe and Robert A. Manning, 'The Shocks of a World of Cheap Oil', *Foreign Affairs*, Vol. 79, (January-February 2000), pp.16-29, p.26 and F. Gregory Gause III, 'Saudi Arabia over a Barrel', *Foreign Affairs*, pp.80-94.

By mid-2004, Saudi Arabia had lost much of its past ability to significantly influence oil price single-handed. The turning point came at an emergency meeting of the OPEC in May of that year when Saudi oil minister, Ali bin Ibrahim Al-Naimi, tried at the White House's request, to halt a move away from OPEC-fixed prices (then ranging from US\$22-US\$28 per barrel).

He proposed that OPEC producers collectively increase production by two million bpd in order to maintain those low prices. He failed, and Saudi Arabia had little choice but to pump an additional two million bpd on its own in an effort to reduce prices. That failed too and as a result the price of crude oil rose from US\$40 a barrel in May to close to US\$50 a barrel by the time of the US elections in 2004. It continued its climb subsequently hitting US\$147 a barrel in July 2008 despite Riyadh's increased production.⁵¹⁰

For its part, Qatar, by moving its energy focus to natural gas over the same period, was able to shield itself from oil price fluctuations and was also able to reduce its reliance on a commodity still dominated by Saudi Arabia, thus allowing it increased freedom to act independent of Saudi interests and influence. Moreover, by making itself less reliant on the fluctuating oil price Qatar, one of OPEC's smallest producers, was able to abandon its past practice of being one of OPEC's worst overproducers in percentage terms, something that had created much animosity towards Qatar both inside and outside OPEC.

At the time, Qatar's goal to be the world's largest exporter of LNG was also driven by a belief in some expert quarters that LNG could go from accounting for 1 percent to 20 percent of the US natural gas supply by 2020.⁵¹¹ Though subsequent US breakthroughs in domestic means of oil and gas production (in particular shale fuel)

⁵¹⁰ David Ottaway, 'The King and US: U.S.-Saudi Relations in the Wake of 9/11', *Foreign Affairs*, p.125.

⁵¹¹ Daniel Yergin and Michael Stoppard, 'The Next Prize', *Foreign Affairs*, p.109.

has greatly reduced this huge market for Qatar, in the first five years of the 2000s it offered the kingdom huge possibilities to become a major supplier of US LNG needs.

This in turn led Qatar, along with other gas producers, to prioritise investment in gas related ventures in the US. The country's senior energy officials also now began to follow closely domestic energy politics in the US, including Congressional voting on the LNG provisions in annual energy bills.

In April 2004, in acknowledgement of all this Qatar and the US signed a Trade and Investment Framework Agreement (TIFA). By 2010, the year this thesis comes to an end, US exports to Qatar amounted to \$3.2 billion, primarily machinery and transport equipment. Qatari exports to the US in the same year – mainly fuel and fertilizers – totaled \$464.3 million.⁵¹²

However, bilateral Qatari-US relations up to 2010 were not primarily about economic ties. In his appearance at the Council on Foreign Relations in 2005, Qatar's foreign minister explained his own view of the Qatari-US bilateral relationship. It was one of 'friendship and alliance', he told his audience, joined together in the pursuit of common interests and 'in the context of the concept of strategic partnership'.⁵¹³

In these terms the 'roller-coaster rise of oil prices',⁵¹⁴ as well as a much reduced Saudi capacity to control the oil markets, and the altered geo-strategic realities in the region post-9/11 were key. Most notably, the role of the Al Udeid and As Sayliyah bases during the Iraq conflict underscored a major a shift in strategic

⁵¹² Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Congressional Service Report, 16 May, 2011, p.13.

⁵¹³ 'A Conversation with Sheik Hamad Bin Jassim Bin Jabr al-Thani', *Council on Foreign Relations*, New York, 14 September 2005.

⁵¹⁴ David Ottaway, 'The King and US: U.S.-Saudi Relations in the Wake of 9/11', *Foreign Affairs*, p.124.

alliances in the Gulf region and benefitted Qatar's bilateral ties with the US at the expense of Saudi Arabia.

As has been seen, apart from military protection, close ties with the US undoubtedly offered Qatar a degree of political autonomy and regional influence it would otherwise have been difficult for it to achieve. It also facilitated increased levels of economic cooperation especially in the gas sector.

However, as noted over the course of this thesis, in the period between 1995 and 2010 Qatar did not limit its diplomatic and strategic engagement to its bilateral relationship with the US. It also looked to influence its home region in a more proactive and direct manner in ways perceived to be in its own interests, as well as in the interests of regional stability.

This was even the case when, on occasions, its approach to key regional issues diverged significantly from Washington. As shall be seen later in this chapter this became evident in regard to its evolving bilateral relationship with Israel, its parallel attempts to mediate peace between Israel and the Palestinian factions, as well between the major Palestinian factions – Hamas and Fatah – themselves.

It was also evident in Qatari efforts at mediation in the cause of conflict prevention in Lebanon between 2006 and 2009. As chair of the Organization of the Islamic Conference in 2001-2003, Qatar spoke for 57 Islamic countries and almost a quarter of the world's population in their engagement with international and regional organizations and, in particular, with the United Nations. Qatar was elected to and joined the UN Security Council (UNSC) as a temporary 2-year member at the start of 2006. This offered Qatar the opportunity to involve itself in international affairs at the highest level of global diplomacy and was part of its strategic attempt to increase its international profile and enhance its standing inside and outside the Muslim world.

One of the key issues it faced as both chair of the IOC and as a member of the UNSC was the ongoing crisis in Lebanon. Most notably, during the July-August 2006 war between Hezbollah and Israel, Qatar used its seat on the UNSC to condemn the Israeli attack and repeatedly called for an immediate ceasefire and complete Israeli withdrawal, as well as UN action to stop what the country's foreign minister called a 'bloodbath'.⁵¹⁵

At the same time as Qatar aligned itself with Lebanon diplomatically at the UN, it took practical action. It was one of the first countries to send relief supplies to Lebanon following the outbreak of the war and the Emir was the first head of state to visit Beirut, as well as the only Arab leader to do so, following the end of hostilities. He also pledged US\$300 million to rebuild the war-torn country.

In early September 2006, as tensions between Israel and Hezbollah continued in the wake of their large-scale military clash, Qatar's national airline Qatar Airways landed a plane at Beirut airport despite the Israeli blockade of Lebanon. The same day the Qatari government announced that it would contribute 200-300 troops to the expanded UN force set up to keep peace between Hezbollah and Israel in the south of the country following the war.⁵¹⁶

The decision to do so made Qatar the only Arab country to agree to join the force. This willingness to act alone among its Arab partners provided the context for its lead role in Lebanese peace negotiations in May 2008. These talks were held in Doha and were attended by all the key Lebanese factions and parties. Over six days of talks an agreement was reached to end 18 months of political conflict, which had cost the lives of 81 people.

⁵¹⁵Uzi Rabi, 'Qatar's Relations with Israel: Challenging Arab and Gulf Norms', *Middle East Journal*, Vol. 63, no. 3 (Summer 2009), pp. 443-459, p.453.

⁵¹⁶'Qatar to send troops to Lebanon', *Gulf News*, 4 September 2006.

Qatar's role in hosting, mediating and sponsoring these peace talks in 2008 illuminated the country's evolving foreign policy approach in a number of ways. First it highlighted the country's willingness to anger its major partner – the US. The reality was that the deal that the Qatari leadership brokered in Doha amounted to a significant shift of power in favour of Hezbollah and its allies in Lebanon.

In the deal that ended violence, Washington's opponents in Lebanon won the power to veto any cabinet decision, a key political victory for the Iran-backed group.⁵¹⁷ In these terms, another aspect of the deal that antagonised the US was that it involved Qatar bringing in key regional players including Iran and Syria,

Qatar's engagement in Lebanese mediation also highlighted Qatar's rising diplomatic standing and influence on a regional level by this time. Notably, the fact that the Emir had reportedly only joined the talks in Doha after returning from Saudi Arabia,⁵¹⁸ highlighted Qatar's increasing regional influence *vis a vis* Saudi Arabia, one of the main backers of the governing coalition in Lebanon.

Up until these negotiations the governing coalition had refused to accept terms. The Qatari-sponsored deal thus succeeded where attempts by other major political players from inside and outside the region including the US and Saudi Arabia had failed. Qatar's success paved the way for the formation of a new government and a new election law and looked to fill the vacant Army Chief of Staff post that had been vacant for 6 months. This went some way to resolving the country's 18-month political crisis, and toward ending over two years of political stalemate that had brought Lebanon to the brink of civil war.⁵¹⁹

⁵¹⁷ This was due to the agreement providing for 16 cabinet seats for the governing majority, 11 for the opposition and 3 to be nominated by the new president.

⁵¹⁸ 'Lebanon Rivals Reach a Deal, Ending Months of Political Conflict', *Reuters*, 21 May 2008.

⁵¹⁹ Robert F. Worth, 'Deal for Lebanese Factions Leaves Hezbollah Stronger', *The New York Times*, 22 May 2008.

The Lebanon agreement highlighted two other key trademarks of Qatar's evolving international engagement. The first was its willingness to use of its wealth to influence the outcome of negotiations. It has been estimated that Qatar distributed between US\$300-US400 million to the local Lebanese parties in 2008 in order to get them to come to terms.⁵²⁰ The second, and arguably even more important contribution, has been what veteran Lebanese Druze leader Walid Jumblatt described at the time as an 'interesting and subtle diplomacy',⁵²¹ defined by a capacity to convince the feuding sides that Qatar's only agenda was peace.

In part, this Qatari success was due to a real willingness to talk to and with all parties to the crisis and to give equal weight, free from ideological baggage or strategic interests, to all involved.⁵²² This in turn emphasized how, at least up until the Arab Spring, 'rigorous neutrality' was one of the 'hallmarks' of Qatar's foreign policy.⁵²³

By the summer of 2009, the Qatari leader in an interview on Al-Jazeera was announcing that the 'goals' of the previous year's 'settlement' had reached its three main objectives. 'The agreement', he explained, 'aimed at the election of a president, the formation of a national unity government that will organize parliamentary polls in the summer'.⁵²⁴

In recognition of this achievements billboards were erected on the road from Beirut airport saying 'Thank you Qatar'.⁵²⁵ It also resulted in a visit to Doha by then UN Secretary General Kofi Annan to express his own appreciation on behalf of the

⁵²⁰ See interview with Youssef Michel Ibrahim, 'Persian Gulf Nations' Bulging Coiffers Bring Wrenching Transformation', *Council on Foreign Relations*, 4 June 2008, p.1-2.

⁵²¹ Robert F. Worth, 'Qatar, playing all sides, is a nonstop mediator', *The New York Times*, 9 July 2008

⁵²² Borzou Daragahi, 'Qatar emerges as diplomatic powerhouse', *Los Angeles Times* 15 May 2008.

⁵²³ David B. Roberts, 'Understanding Qatar's Foreign Policy Objectives', *Mediterranean Politics*, Vol. 17, No. 2 (2012) pp. 233-239, p.237.

⁵²⁴ 'Doha agreement achieved its aims- Qatari premier', *Daily Star* (Beirut), 26 June 2009.

⁵²⁵ Robert F. Worth, 'Qatar, playing all sides, is a nonstop mediator', *The New York Times*, 9 July 2008.

international community.

The reputation of the Emir and his Foreign Minister as skilled exponents of diplomacy was greatly enhanced following the Lebanon deal and with it Qatar's standing in the region and beyond rose greatly. This was especially the case because in brokering the Lebanon deal Qatar had been able to bring the US, Iran, Saudi Arabia and Syria grudgingly along with it. The implications were clear. As one Doha-based newspaper editor put it, 'In the old days, nobody had really heard of Qatar...Now, once you say "I'm from Qatar", it's, "Step right this way"'.⁵²⁶

For its part, Israel had welcomed Qatar's September 2006 contribution to the UN force in Lebanon. As foreign ministry spokesman Mark Regev explained, 'Qatar has relations with Israel [and] as a result Israel has no objection to its participation in the force'. For their part, senior Qatari officials had hoped that the country's UN role in Lebanon would not only be welcomed by Israel, but that it would further contribute to the view in the Arab world and Israel of Qatar's commitment to Arab-Israeli peace.

As the country's foreign minister explained, the move was intended to 'tell the world of the Arab presence, even modestly, in this force and to tell Israel that we believe in this decision, and so we want to contribute to implementing it'.⁵²⁷

On the surface this seemed to indicate that in the post-9/11 era, just as in the late 1990s, Qatar was unwilling to allow its Arab partners dictate its relationship with Israel or its engagement in the long, and for the most part, unyielding quest for Israeli-Palestinian peace.

For example, in an interview in late 2000 the Emir of Qatar acknowledged that he had 'informal relations with Israel in the economic and trade spheres', and that he refused to let 'Israeli transience' destroy the 'little progress already achieved' and

⁵²⁶ Borzou Daragahi, 'Qatar emerges as diplomatic powerhouse', *Los Angeles Times*, 15 May 2008.

⁵²⁷ Warren Hoge, 'UN Expects to Mediate Talks on Captured Israelis', *The New York Times*, 5 September 2006.

restated that once Israel embraced a ‘comprehensive and just peace’ his country would be ‘willing to establish normal relations’.⁵²⁸

This explains why the Emir rejected Saudi demands to close the Israeli trade office in Doha up until late 2000 despite Saudi Crown Prince Abdullah’s decision to boycott a summit of Islamic states in Qatar in response. The following year, in mid-May 2001, the Qatari leadership offered to host a summit meeting between Palestinian leader Yasser Arafat and Israeli Prime Minister Ariel Sharon in Doha at a time when the Arab League had already decided to sever ties with Israel.⁵²⁹

The distinctive approach of Qatar on the issue of engagement with Israel manifested itself further in the encounter between the Qatari foreign minister and his Israeli counterpart, Shimon Peres, in Paris in July 2002. This came at a time of severe tension between Israel and the Arab world and during a period when the Arab League had frozen political ties with Israel because of the latter’s violent repression of the Palestinian intifada.

Qatar’s foreign minister also met Peres’ successor as Israeli foreign minister, Silvan Shalom, once more in Paris in May 2003. During this encounter, according to reports, the senior Qatari official indicated his willingness ‘to seriously consider the possibility of increasing the level of diplomatic relations.’⁵³⁰

In a September 2004 speech before the UN General Assembly, the Qatari Emir challenged fellow Arab leaders to refrain from using the Israel-Palestine conflict as a pretext for avoiding domestic reform. In doing so, he placed the public spotlight on a highly sensitive issue in the Arab world, and one that Israel had been arguing for many years – that the existence of Israel was neither the reason nor the excuse for

⁵²⁸ See speech by Emir of Qatar, cited in Rabi, ‘Qatar’s Relations with Israel’, *Middle East Journal*, p.451.

⁵²⁹ ‘Qatar will not resist Sharon’s visit if it will lead to a solution’, *Al-Safir*, 16 May 2001. See also Uzi Rabi, ‘Qatar’s Relations with Israel: Challenging Arab and Gulf Norms’, pp. 443-459.

⁵³⁰ ‘Israel holds talks with Qatar’, *BBCNews*, 14 May 2003.

inter Arab and intra-Arab problems.

Exactly one year later in the immediate wake of the Israeli unilateral withdrawal from Gaza, Qatar's Emir once more used the platform of the UN General Assembly to welcome recent developments. 'We should salute this Israeli step' he informed his audience of world leaders, before adding that

it is important—very important—that there should be a clear vision to what becomes after this step, and that the whole Arab countries must take a step toward Israel by a conference, an international conference, or a conference between the Arab countries and Israel and those sponsoring peace, especially the United States, trying to find a clear vision as to what comes after Gaza.

As in the case of Lebanon, Qatar also demonstrated a willingness to pay for its role in mediating Israeli-Palestinian and Hamas-Fatah reconciliation in these years. For example, in 2006, according to a statement by Hamas Prime Minister Haniyeh following a visit to Doha, Qatar had promised to pay the salaries of 40,000 Palestinians education workers for a number of months, as well as the salaries of 11,000 health ministry officials 'if necessary' to a combined total of US\$27 million a month. The emir also promised to set up an Islamic Bank in the Palestinian territories with initial capital of US\$50 million to fund agriculture, industrial and economic projects. In August 2009, Qatar offered \$10 million in cash payments via the Hamas administration in Gaza to support thousands of unemployed Palestinians, including fishermen facing difficulty in relation to Israel's blockade of Gaza's coastal waters.

The nature of this perceived Qatari engagement in the Arab-Israeli and Israeli-Palestinian conflict alienated some inside the Arab world. Qatar's desire to fall in line with US foreign policy in order to consolidate the vitally important bilateral relationship with the US was presented in some quarters as the sole reason for Qatar's move to improve ties with Israel at a time when Israel's political relations were at an

all time low not only across the Arab world but in Europe as well.

Notably, Syria and Iran accused Qatar of looking to ingratiate itself with the US when it invited Tzipi Livni to give the keynote speech at the 8th Doha forum on democracy, development and free trade in April 2008.

From 2006 onwards, following the Hamas rise to power in Gaza, Qatar also actively looked to revive stalled negotiations on a national unity government between Hamas and Fatah. This saw the start of a period during which Doha hosted Hamas officials for numerous talks and consultations.⁵³¹

This engagement clearly highlighted the contradictions of Qatari foreign policy and the complexities of Qatar's evolving relationship with Israel (where 55,000 households were tuned into Al-Jazeera's recently launched English news channel by 2007).

In October 2006, Qatar's foreign minister shuttled between Palestinian Authority (PA) President Mahmoud Abbas and Hamas Prime Minister Ismail Haniya. His goal was to restart face-to-face negotiations between Palestinian factions that had collapsed following a tentative agreement in September to form a united government and, if possible, to secure the release of kidnaped Israeli soldier Gilad Shalit from his Hamas captors.

In undertaking this role, Qatar also looked to challenge Egypt as the main Arab mediator between Fatah and Hamas. The PA president Mahmoud Abbas and Hamas leader Khaled Mashal met in Doha to hold talks during which time Qatar's foreign minister presented a six-point plan for a Palestinian unity government. This reportedly called for a two-state solution to the Israel-Palestinian conflict, which could be viewed as implicit recognition of Israel and called for a Palestinian prime

⁵³¹ Andrew F. Cooper & Bessma Momani, 'Qatar and Expanded Contours of Small State Diplomacy', *The International Spectator: Italian Journal of International Affairs*, Vol. 46, No. 3 (2011), pp.113-128, pp.120-122.

minister not directly connected to either Hamas or Fatah to be appointed.⁵³²

The Israeli response to this was consistently negative. After first accepting an invitation to a December 2006 conference in Doha on New or Restored Democracies and causing significant Arab backlash against Qatar in the process, Israeli foreign minister Tzipi Livni then declined her invitation once it became known that Hamas leaders were also invited (though an Israeli delegation led by lower-ranking diplomats participated in the conference).

At the same time Israel agreed to a request to support Qatar's candidacy for a seat on the UN Security Council on the grounds that Qatar was one of the few Arab states to continue its ties to Israel during the intifada of the early 2000s. As noted above, Qatar took a tough line on Israel during its time on the UN Security Council. In November 2006, for example, the US vetoed a UNSC resolution condemning Israel for its military action in Gaza that had been introduced by Qatar on the grounds that, in the words of then US ambassador to the UN, John Bolton, it failed to 'display an even-handed characterization of the recent events in Gaza, nor does it advance the cause of Israeli-Palestinian peace'. The original draft had made no mention of Hamas rocket strikes into Israel and accused Israel of conducting a 'massacre' of civilians. This was replaced soon a revised draft containing more diplomatic language.⁵³³

Israeli Deputy Prime Minister Shimon Peres visited Qatar in February 2007 though he rejected the opportunity provided by the meeting to agree to the Qatari Emir's reported suggestion that Israel negotiate directly with Hamas.⁵³⁴

Subsequently the US and Israel were repeatedly angered by Qatar's direct

⁵³² Greg Myre, 'Qatar Emerges as a Mediator Between Fatah and Hamas', *The New York Times*, 10 October 2006. See 'For Qatar, Bold Moves Including Outreach', *Associated Press*, 9 November 2006.

⁵³³ Warren Hoge, 'US Vetoes Security Council Resolution Assailing Israel for Attacks', *The New York Times*, 12 November 2006.

⁵³⁴ Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Congressional Service Report, 16 May 2011, p.13.

financial aid to Hamas to pay for public service salaries and other costs at a time when the US, the EU and much of the international community was boycotting Hamas-run Gaza due to its refusal to agree to their demands to recognize Israel, renounce violence and accept previously signed agreements.⁵³⁵

For example, speaking in 2008 one anonymous State Department official described Qatar's engagement with Hamas as 'a very vexatious problem'.⁵³⁶ US criticism was expressed most publicly in an April 2009 statement by then US Senator John Kerry, that concluded that 'Qatar ... can't continue to be an American ally on Monday that sends money to Hamas on Tuesday'.

At the same time Qatar was perceived to be attempting to challenge Saudi Arabia and Egypt for their traditional lead role in mediating between Arab and Muslim factions engaged in the Israel-Palestine dispute. Early in January 2009 Qatar hosted an emergency Arab summit on the crisis in Gaza attended by 13 Arab states at which Hamas leader Khaled Mashal was to serve as the official Palestinian representative.

This move was opposed by Saudi Arabia, Egypt and the PA and all three refused to send representatives to attend. Egypt feared that its own role in placing restrictions on its Rafah border crossing with Gaza might come to attention during the meeting and did not want to legitimize Qatar's attempt to play a mediatory role that was traditionally its own.

It is also true however, that on occasions such as in 2003, Qatar served as an intermediary for Hamas with both Israel and the United States.⁵³⁷ Subsequently, it also served as a conduit for negotiations between Israel and the Arab world on the

⁵³⁵ 'Qatar gives \$22 million for Palestinian Teachers', *Khaleej Times*, 7 May 2007.

⁵³⁶ Robert F. Worth, 'Qatar, playing all sides, is a nonstop mediator' *The New York Times*, 9 July 2008.

⁵³⁷ Arnon Regular, 'Hamas sent messages to U.S. via Qatar proposing truce', *Ha'aretz*, 23 December 2003.

Israel-Palestine issue, and expended much political capital on behalf of Washington in persuading other Arab states to attend the US-sponsored Middle East peace conference in Annapolis, Maryland in November 2007.⁵³⁸

In 2008, then Israeli foreign minister Tzipi Livni visited Qatar to give a keynote speech at the Doha Forum at the invitation of the Emir. Livni had previously met with Qatari leaders at the UN but this was only the third Arab state Livni had visited after Egypt and Jordan, both of which had peace agreements with Israel.

In explaining Livni's decision to accept the invitation an Israeli foreign ministry spokesman said that 'They [Qatar] are among the moderates and they support the peace process, so its important to go when they invite us'.⁵³⁹

Qatar responded in the harshest terms to the war in Gaza that followed soon after, with the foreign minister condemning Israel's 'flagrant, savage, aggression'⁵⁴⁰ and demanding the convening of an emergency summit. One practical expression of Qatar's displeasure at Israel over its war in Gaza was the closing of the Israeli trade office in Doha, freezing ties and expelling Israel's representatives. While Khaled Mashal and other Hamas leaders visited Doha in April and December 2010 and met with the Emir and Prime Minister

But even during this period of tension Qatari officials kept open the possibility of renewed ties once the crisis was alleviated.⁵⁴¹ In 2010, Qatar, along with Saudi Arabia invested US\$250 million in an investment fund with a leading Israeli multinational IDB,⁵⁴² while leaked *Wikileaks* documents of the same year

⁵³⁸ Janine Zacharia, 'Qatar steers between U.S., Iran using gas to boost influence', *Bloomberg*, 3 March 2008.

⁵³⁹ 'Israeli foreign minister in Qatar to discuss peace', *Reuters*, 13 April 2008.

⁵⁴⁰ Uzi Rabi, 'Qatar's Relations with Israel: Challenging Arab and Gulf Norms', *Middle East Journal*, p.458.

⁵⁴¹ 'Oman, Qatar: We'll renew Israel ties if it freezes settlements', *Ha'aretz*, 14 August 2009.

⁵⁴² Irit Avissar, 'An economic-diplomatic declaration', *Globes*, 12 August 2010. See also, 'The Gulf States already have links with Israel,' *Bitterlemons International*, 23 July 2009.

noted the on-going relationship between Qatar, and other Gulf States, with Israel.⁵⁴³

Fromherz and others have argued that the country's role as a mediator was a major factor behind its success and underscored its talent at individual deal maker at the regional level.⁵⁴⁴ Certainly, Qatar's role in the diplomacy of the Israel-Palestine conflict demonstrated the 'multi-dimensionality'⁵⁴⁵ of the country's external engagement in the post-9/11 era. While its lead role in the 2008 Doha Accords in Lebanon, was viewed by many as Qatar's 'greatest success in regional diplomacy'.⁵⁴⁶

At the same time, Qatar strategy of 'playing all sides' – Israel and the Palestinians, Hamas and Fatah, Hezbollah and Lebanon's Christians, as well as its reputation 'as independent-minded arbitrators who will cozy up to anyone',⁵⁴⁷ also highlighted profound differences between its world view and that of its most important strategic partner, the US.

As this chapter has shown, on various issues and occasions, Qatar's approach to external engagement led its key regional and global partners – Saudi Arabia and the US –to view bilateral ties as 'complex, bordering on one of animosity'.⁵⁴⁸ As the next chapter will show, this was particularly apparent between 1996 and 2010 in terms of the role of Al-Jazeera. Perhaps more than any other factor this Doha-based news station contributed to enhancing Qatar's regional and global significance between 1995 and 2010 at the same time as it alienated friend and foe in the region and beyond.

⁵⁴³ Barak Ravid, 'WikiLeaks blows cover off Israel's covert Gulf states ties', *Ha'aretz*, 29 November 2010; 'WikiLeaks cables: You can't blame Israel for mistrusting Arabs, says Qatari ruler', *Ha'aretz*, 30 November 2010.

⁵⁴⁴ Amin Tarzi, James Zogby, Leon Hadar, Jon Alterman, 'The United States in Middle Eastern Eyes: A Reliable Security Partner or a Problem to Be Managed?', *Middle East Policy*, Vol. XVII, No. 4 Winter 2010, pp.1-21, p16.

⁵⁴⁵ Gidon Windecker and Peter Sendrowicz, 'Qatar Between Marketing and Realpolitik: A Smart Business Model for a Microstate?', *KAS International Reports*, No. 1, 2014, pp.83-102, p.95.

⁵⁴⁶ FRIDE, *The Gulf in the new world order: a forgotten emerging power*, FRIDE Working Paper 101, September 2010, p. 11.

⁵⁴⁷ Robert F. Worth, 'Qatar, playing all sides, is a nonstop mediator', *The New York Times*, 9 July 2008.

⁵⁴⁸ Ibid.

Chapter 6

The Media and the Message:

Al Jazeera Factor as a Case Study in Qatar's Soft Power Standing

[Small state] decision-makers [are] unable to compete with their counterparts in larger states in regard to the quantity and diversity of information that is available to them and which they can disseminate.

Peter R Baehr⁵⁴⁹

In 2000, following a visit to Al-Jazeera's headquarters in Doha, former Egyptian President Hosni Mubarak was reported to have remarked, 'all this trouble from a matchbox like this'.⁵⁵⁰ Little could he have realised at the time that just over one decade later his own officials would blame the Qatari news channel for his overthrow after three decades as Egyptian president. From late January 2011, when Al-Jazeera's coverage of the demise of the Ben Ali regime in Tunisia was beamed into Egypt, the channel became involved in an intense and hostile 'cat and mouse game'⁵⁵¹ with the Mubarak regime.

The channel quickly became an 'active participant in events rather than a mere bystander recording events'.⁵⁵² The Egyptian government's response to this development was harsh. For example, the governor of the province of Minya, speaking on television, called for the trial of Al-Jazeera correspondents as 'traitors' on the grounds that they had 'caused more destruction than Israel for Egypt'.⁵⁵³ The Egyptian ministry of information closed down all Al-Jazeera bureaus and withdrew

⁵⁴⁹ Peter R Baehr, 'Small States: A Tool for Analysis', *World Politics*, Vol. 27, No. 3 (April 1975), pp. 456-466, p. 462.

⁵⁵⁰ Lorne Manly, 'Translation: Is the Whole World Watching?', *The New York Times*, 26 March 2006.

⁵⁵¹ Lawrence Pintak, 'The Al Jazeera Revolution', *Foreign Policy*, 2 February 2011.

⁵⁵² Sheila Carapico, 'What Al Jazeera Shows and doesn't show', *Foreign Policy*, 4 February 2011.

⁵⁵³ Jonathan Gomall, 'Arab Spring brings AL Jazeera to full bloom', *The National*, 24 June 2011.

accreditation from the news channel's staff, six of whom were arrested before being released.⁵⁵⁴

On 27 January 2011 the network's live channel was dropped by Nilesat. This was a clear breach of the satellite provider's contractual agreement with the Qatari network and meant that only viewers outside Egypt could follow events on satellite. In response to this move, at least ten other Arabic language television stations including Al-Hewar, Al-Jadeed, Al-Karama, Al-Suhail, and Aden offered to carry Al-Jazeera's content for free.⁵⁵⁵

The governments in other countries affected by popular revolt responded in a similar manner to the Mubarak regime. In Libya, the secretary-general of the country's People's Committee, Ahmed Al-Zuwi, stated on television that the Qatari government and Al-Jazeera were in a conspiracy to incite violence and spread lies over the number of civilians killed by the regime.⁵⁵⁶ In late 2006 the Tunisian government had closed its embassy in Doha and withdrawn its ambassador, on the grounds that Al-Jazeera had launched a 'hostile campaign' against the country and had provided a platform for Mohamed Moncef Marzouk, a leading Tunisian human rights activist, who called for 'civil resistance'.⁵⁵⁷ Five years later, the Tunisian authorities barred Al-Jazeera reporters from the country. This attempt at silencing the channel in Libya, Tunisia and Egypt proved totally ineffective to the extent that commentators at the time noted that there was no way that the world would have watched the 'extraordinary events' played out in Egypt if Egyptians had not seen

⁵⁵⁴ Hugh Miles, 'The Al Jazeera Effect', *Foreign Policy*, 8 February 2011.

⁵⁵⁵ Ibid. See also Brian Stelter, 'Channels join Fight to Broadcast Al Jazeera in Egypt', *The New York Times*, 1 February 2011.

⁵⁵⁶ Roula Khalaf and Abeer Allam, 'Al Jazeera's backing is key for coalition', *The Financial Times*, 20 March 2011.

⁵⁵⁷ 'Tunisia breaks ties with Qatar over al-Jazeera', *The Guardian*, 26 October 2006.

an up-to-the-minute account of the real time disintegration of first the Ben Ali regime in Tunisia.⁵⁵⁸

Faisal Kasim, host of *Al-Ittijah al-Muakis* (The Opposite Direction), one of Al-Jazeera's most popular and controversial shows, has explained that the Arab media 'should be harnessed to liberate the Arab people from their internal gladiators'.⁵⁵⁹ Certainly that was the perception of Al-Jazeera during the Arab Spring.⁵⁶⁰

Apart from non-stop reporting and documentaries on the Arab Spring (notably, 'Death of Fear, End of a Dictator, Seeds of a Revolution'), Al-Jazeera sent the protests across the world through social media outlets.⁵⁶¹ This demonstrated the news network's sophisticated use of innovative social media.⁵⁶² In a region where many citizens had limited satellite access this provided an important service and put the channel at the forefront of an increasingly important sub-culture across the Arab world that used technology driven means of communications to overcome censorship, a lack of political representation and the attempt by governments to limit access to information.⁵⁶³

Al-Jazeera's 'aggressive coverage' of the Arab Awakening, the term used by the channel to refer to revolution in Egypt, Tunisia and Libya, pointed very clearly to the fact that Arab regimes 'no longer control[ed] the message'.⁵⁶⁴ The Qatari-based channel could now claim to be a newsmaker not just a news reporter with the

⁵⁵⁸ Lawrence Pintak, 'The Al Jazeera Revolution', *Foreign Policy*, 2 February 2011; Anthony Shadid, 'Yearning for Respect, Arabs Find a Voice', *The New York Times*, 29 January 2011. At the same time Yemeni President Ali Abdullah Saleh complained to the Qatari emir that the channel was 'seeking to ignite dissent'. While in Syria, the state-controlled media attacked Qatar for fermenting unrest in the country throughout the latter half of 2011 and 2012.

⁵⁵⁹ Lawrence Pintak, 'The Al Jazeera Revolution', *Foreign Policy*, 2 February 2011.

⁵⁶⁰ Jonathan Gomall, 'Arab Spring brings AL Jazeera to full bloom', *The National*, 24 June 2011.

⁵⁶¹ Ibid.

⁵⁶² Rob Salkowitz, *Young World Rising: How Youth Technology and Entrepreneurship are Changing the World from the Bottom Up*, Hoboken, NJ, John Wiley, 2010, pp.37-39.

⁵⁶³ Philip Seib, 'The Resignation of Wadah Khanfar and the Future of Al Jazeera', *Foreign Affairs*, 27 September 2011.

⁵⁶⁴ Robert Fisk, 'How Al Jazeera helped the Arab Spring to blossom', *The Independent*, 2 November 2011.

consequences of this (both positive and negative) measured in global as well as regional terms.

The BBC, the world's largest provider of news content, heralded Al-Jazeera as 'a world class international news network',⁵⁶⁵ and Columbia University's Graduate School of Journalism named Al-Jazeera's English channel as the 2011 recipient of its Columbia Journalism Award given in recognition of 'a singular journalism in the public interest' for its 'peerless' and 'ongoing' coverage of the Arab Spring.

However, while the Arab Spring was Al-Jazeera's 'moment',⁵⁶⁶ the important point to realize in the context of this dissertation that concludes at the same time as the Arab Spring was getting underway, is that the channel had been developing this cutting edge approach as the 'go to option for news in the Middle East' long before the Arab Spring.⁵⁶⁷

By 2010, for example, Al-Jazeera was already a 'phenomenon'—a word used widely in the literature to describe the channel. By that time it – prior to the Arab Spring – it could already claim to have been the subject of academic conferences⁵⁶⁸ and numerous books⁵⁶⁹. Indeed, within a decade of its launch the channel was one of the world's most familiar brands.⁵⁷⁰

This chapter's focus is thus not on the role of Al-Jazeera during the Arab Spring. Rather it examines the evolution of the channel from the time of its birth in

⁵⁶⁵ Hugh Miles, 'Al-Jazeera boss steps down: strains with Qatar royals?', *BBC NEWS*, 1 October 2011.

⁵⁶⁶ Robert F. Worth and David D Kirkpatrick, 'Seizing a moment, Al Jazeera Galvanizes Arab Frustration', *The New York Times*, 27 January 2011.

⁵⁶⁷ Aryn Baker, 'Bahrain's Voiceless: How Al Jazeera's Coverage of the Arab Spring is Uneven', *Time*, 24 May 2011.

⁵⁶⁸ See for example, a conference in October 2010 co hosted by University of Sout California's Center on Public Diplomacy and the Al Jazeera Center for Studies to mark the fifteenth anniversary of the channel.

⁵⁶⁹ Hugh Miles, *Al-Jazeera: The Inside Story of the Arab News Channel that is Challeing the West*, New York, Grove Press, 2005; Muhammad Zayani (ed.), *The Al Jazeera Phenomenon: Critical Perspectives on New Arab Media*, Boulder, Paradigm Publishers, 2005; Marc Lynch, *Voices of the New Arab Public: Iraq, Al-Jazeera and Middle East Politics today*, New York, Columbia University Press, 2006.

⁵⁷⁰ Wadah Khanfar, 'Why did you want to bomb me, Mr Bush and Mr Blair?', *The Guardian*, 1 December 2005.

1996, the year after the new Emir came to power up until 2010. In doing so it examines three independent, but overlapping aspects of the Al-Jazeera ‘phenomenon’.

The first is the extent to which Al-Jazeera, during the decade and a half between 1996 and 2010, with its famed slogan, ‘the opinion—the other opinion’ flashing across the screen, had ‘pushed the boundaries’ of information by providing live coverage of major events in the Arab world.⁵⁷¹

The second is how, in doing so, it had consolidated, complicated and extended the status of Qatar as a major regional and global player. The third is the extent that Qatar’s Al-Jazeera experience changed fundamentally the boundaries of how a small state in the international system can use the media to increase its standing, influence and power on the regional and global stage.⁵⁷²

Al-Jazeera was originally created as part of the new Emir’s strategy of increasing Qatar’s international standing and to project its influence well beyond its own borders. This was evidenced by the fact that it was launched in 1996, the year following the new Emir’s rise to power and that it was established with initial state financial support of US\$137 million.⁵⁷³

Its reach and impact was immediate, which in turn placed Qatar in the international spotlight like never before. By 1998, only two years after its establishment, it could claim 35 million regular viewers across the Arab world. By 2000, the renowned *New York Times* columnist Thomas Friedman was noting how Al-Jazeera had ‘swept up Arab audiences from Morocco to Iraq’.⁵⁷⁴

⁵⁷¹ Khaled Hroub, ‘Al Jazeera: the source of Arab springs’, *ABC* (Australia), 20 October 2011.

⁵⁷² On Al Jazeera and small state diplomacy see Andrew F. Cooper & Bessma Momani, ‘Qatar and Expanded Contours of Small State Diplomacy’, *The International Spectator: Italian Journal of International Affairs*, Vol. 46, No. 3 (2011), pp.113-128, pp.122-123.

⁵⁷³ Norbert Wildermuth, ‘Defining the “Al-Jazeera Effect”: American Public Diplomacy at a Crossroad’, *Media Res*, Vol. 1, No.2 (February 2005).

⁵⁷⁴ Thomas L. Friedman, ‘Glasnost in the Gulf’, *The New York Times*, 27 February 2001.

From a branding perspective this was hugely effective as Al-Jazeera came to embody the post-1995 perception of Qatar as an open, innovative and cutting edge Arab state. In 1996, the year of Al-Jazeera's founding, media restrictions in Qatar were relaxed, while the ministry of information was abolished and censorship regulations were substantially reduced.⁵⁷⁵

Traditionally Arab leaders believed that they could consolidate their power by controlling the media. Upon coming to power, Sheikh Hamad bin Khalifa Al Thani did exactly the opposite. Realising something in the mid-1990s that arguably only dawned on his peers in the region during the Arab Spring, he envisioned Al-Jazeera as the emblem of an independent media that was not the consequence of reform, but rather a key to creating and consolidating that reform. This, in turn, made a huge impact on the region's 'news service landscape'.⁵⁷⁶ By the early 2000s Al-Jazeera's, 'no-holds-barred'⁵⁷⁷ approach to many controversial issues had consolidated its standing as a 'pioneering'⁵⁷⁸ network in this regard. 'In a part of the world where news has always been the news the government wants, true or not', argued *The New York Times*, 'Al-Jazeera is truly a phenomenon'.⁵⁷⁹

For its part, the Qatari government worked to maintain such positive perceptions by defending Al-Jazeera from all comers and by looking to present the country, via the news network, as a bastion of free speech and enlightenment. As Qatar's foreign minister explained in 2005, 'there is a free press and free speech in

⁵⁷⁵ However, though abolishing the ministry of information, the last minister of that department, Hamid bin Tamir, became chairman of the board of Al-Jazeera.

⁵⁷⁶ See Andrew F. Cooper and Bessma Momani 'The Challenge of Re-branding Countries in the Middle East: Opportunities through New Networked Engagements versus Constraints of Embedded Negative Images', Paper presented to the ISA Annual Conference, San Francisco, March 2008. For another detailed examination of al Jazeera as a branding issue see Hanan Hazime, 'From city branding to e-brands in developing countries: An approach to Qatar and Abu Dhabi', *African Journal of Business Management*, Vol. 5, No.12 (June, 2011), pp. 4731-4745, p.4739.

⁵⁷⁷ John Duke Anthony, 'Qatar's Heightened Role', *GulfWire Perspectives*, 27 October 2002.

⁵⁷⁸ Steven A. Cook, 'A Country with No Politics', *The Weekly Standard*, 22 November 2004.

⁵⁷⁹ John Kifner, 'At Arab All-News Channel, Western Values Prevail', *The New York Times*, 12 October 2001.

Qatar...that is why we have headaches with most of our friends and brothers in the Arab world'.⁵⁸⁰ Al-Jazeera was, in the words of the Emir who founded it 'a TV station reflecting the new image of Qatar',⁵⁸¹ and that new image was one that he wished to project to the outside world.

On a practical level this required the news network to provide two kinds of content that distinguished it from its regional peers. The first was daily news reports on subjects and issues that other regional news organizations studiously avoided. The second was topical discussion shows in-studio on subjects that had previously been taboo in the Arabic news media.

These two parallel approaches were central to the channel's success in consolidating its reputation as the most free and open source of news reporting and debate in the Arab world. As Mohammed El-Nawawy noted, the channel 'crossed all the red lines and boundaries...an unprecedented phenomenon'.⁵⁸² The Egyptian novelist Ahdaf Soueif was even more eloquent in his description of Al-Jazeera as the 'one window through which we can breathe'.⁵⁸³

From the time of the channel's launch all of Qatar's neighbours, as well as Jordan and Egypt, at one time or another banned Al-Jazeera, over what they saw as the channel's unforgiving coverage of all regional issues except domestic Qatari ones.⁵⁸⁴ The same was true for North Africa. Tunisia broke diplomatic relations with

⁵⁸⁰ 'A Conversation with Sheik Hamad Bin Jassim Bin Jabr al-Thani', *Council on Foreign Relations*, New York, 14 September 2005.

⁵⁸¹ Louay Y. Bahry, 'The New Arab Media Phenomenon: Qatar's Al-Jazeera', *Middle East Policy*, Vol. 8, No. 2 (June 2001), 88–99.

⁵⁸² Mohammed el-Nawaway, Adel Iskander Farag, Joanne J. Myers, 'Al Jazeera: How the Free Arab News Network Scooped the World and Changed the Middle East', *CSPAN*, 1 April 2002.

⁵⁸³ John Kifner, 'At Arab All-News Channel, Western Values Prevail', *The New York Times*, 12 October 2001.

⁵⁸⁴ See Louay Y. Bahry, 'The New Arab Media Phenomenon: Qatar's Al-Jazeera', *Middle East Policy*, Vol. 8, No. 2 (June 2001), pp. 88–99; Jeremy M. Sharp, 'The Al Jazeera New Network: Opportunity or Challenge for US Foreign Policy in the Middle East?' *Congressional Research Service*, US Library of Congress, CRS Report RL31889, 23 July 2003; Hugh Miles, *Al-Jazeera: The Inside Story of the Arab News Channel that is Challenging the West*, Grove, New York, 2005.

Qatar in 2006 over news content on Al-Jazeera. So did Libya and Morocco in the years before the Arab Spring. By 2002 more than 450 official complaints had been made against Al-Jazeera by Arab governments but the reality was that all attempts to check the sale and use of satellite dish receivers failed in the 1990s, and short of banning satellite dishes there was no way to stop the Al Jazeera message.⁵⁸⁵ Even as Arab leaders lobbied Washington to pressure Doha to reign in the news channel,⁵⁸⁶ Al-Jazeera evolved into ‘a no-holds-barred radical Arab voice that sent shock waves through a ‘conservative, region’.⁵⁸⁷

This was especially true for Saudi Arabia. As noted in chapter 5, the Qatar-Saudi relationship was fraught on a number of fronts in the period covered by this dissertation. From the time of Al-Jazeera’s launch it had been a key cause of tension between the two GCC partners. On a business level Al-Jazeera very quickly became a counterweight to the Saudi Arabian media giant the Middle East Broadcasting Corporation that had monopolised the media market in the Gulf until the emergence of the Doha-based channel. In response, Saudi Arabia pressured Arab advertising agencies to boycott Al-Jazeera. Though Saudi Arabia also refused to allow Al-Jazeera to open an office in the kingdom, the channel had a social impact that Riyadh was helpless to prevent. In 2002 opinion surveys in Saudi Arabia showed that public perceptions were being increasingly formed by media sources from outside the kingdom rather than by the official government-controlled press.⁵⁸⁸

For example, Saudi citizens were able to tune into the Qatari network and see reports on female business leaders and policy makers, which directly challenged the

⁵⁸⁵ Al-Nawawy and Iskandar, *Al-Jazeera: How the Free Arab News Network scooped the world and challenged the Middle East*.

⁵⁸⁶ Barbara Bibbo, ‘Some Arab Leaders “asked US to hit Al Jazeera office”’, *Gulf News*, 28 November 2005.

⁵⁸⁷ Roula Khalaf & Martin Dicks, ‘Qatar: Emir on a mission’ *The Financial Times*, 24 October 2010.

⁵⁸⁸ Shibley Telhami and Fiona Hill, ‘Does Saudi Arabia Still Matter?’, *Foreign Affairs*, p.173.

argument of Saudi traditionalists that women were unsuited to leadership roles.⁵⁸⁹

They could also see lively debates and discussions that regularly featured Saudi dissidents and focused criticism on the Saudi royal family as well as other sensitive political issues such as Saudi Arabia's Palestine policy.⁵⁹⁰

Indeed, Saudi Arabia withdrew its ambassador from Doha following comments made by one vocal dissident on the channel. Relations continued to be strained in the following years. As one anonymous Qatari official told the *New York Times* in that year, the Saudis just 'don't understand why the emir wants to rock the boat' with Al-Jazeera.⁵⁹¹

In December 2005, the Emir of Qatar and Saudi Arabia's *de facto* ruler, Crown Prince Abdullah were expected to meet on the sidelines of a GCC annual summit in Manama, Bahrain. The meeting, arranged by the Kuwaiti prime minister Sheik Sabah al Ahmed al-Jabr al Sabah, was intended to rebuild bridges, but the meeting failed to take place when the Saudi crown prince decided not to travel to Bahrain.

There were undoubtedly tensions other than Al-Jazeera that influenced Saudi-Qatari mutual attitudes and bilateral relations in these years. For example, in 2006 Qatar's energy minister blamed Saudi intransigence for the failure of Qatar and Kuwait to move forward on a multi-billion dollar gas project. The deal had been initially proposed by Qatar in 2001 but was blocked by Saudi. In 2003, Saudi gave permission but denied it again in 2006.

However, there is little doubt that during the 2000s, tensions between Qatar and Saudi Arabia increased greatly at the same time as Al-Jazeera rose to global prominence and at the same time as the channel's coverage of major events from the

⁵⁸⁹ Sean Foley, 'All I Want is Equality with Girls: Gender and Social Change in the Twenty-First Century Gulf', *Middle East Review of International Affairs*, Vol. 14, No.1 (March 2010), pp.18-22.

⁵⁹⁰ Robert F. Worth, 'Al Jazeera no Longer Nips at Saudis', *The New York Times*, 4 January 2008.

⁵⁹¹ Craig S. Smith, 'A Tiny Gulf Kingdom bets its stability on support for US', *The New York Times*, 24 October 2002.

9/11 attacks on the US to the invasion of Iraq in 2003 placed major stresses on the Doha-Washington bilateral partnership.

In early October 2001, just weeks after the 9/11 attacks on the US, the channel began broadcasting a series of videotapes featuring several speeches and interviews with Al-Qaeda leader Osama bin Laden and his inner circle. Similar to CNN's rise to global prominence following its blanket coverage of Saddam's invasion of Kuwait in 1990 and the subsequent military campaign, Al-Jazeera received another major boost when it provided exclusive and comprehensive coverage of the early stages of the Afghan war in late 2001.

As seen in the previous chapter, Qatar's rising status as 'a unique hybrid diplomatic actor',⁵⁹² in the region in the post-9/11 era was a direct challenge to Saudi Arabia, because it helped contribute to a consolidation of Qatar's bilateral strategic relationship with the US. This was the country's number one foreign policy priority. But over the same period Al-Jazeera established itself as the second main pillar of Qatar's diplomacy.

At times, as shall be seen, Al-Jazeera was the cause of significant tension between Doha and Washington, as US policymakers have consistently viewed Al-Jazeera as a tool of Qatar's foreign policy.⁵⁹³ A US state department document published by *Wikileaks* in 2009 highlighted this thinking among US officials. Qatar, it argued, used the channel 'as a bargaining tool to repair relationships with other countries particularly those soured by Al-Jazeera's broadcasts including the United States'.⁵⁹⁴

⁵⁹² Andrew F. Cooper & Bessma Momani, 'Qatar and Expanded Contours of Small State Diplomacy', *The International Spectator: Italian Journal of International Affairs*, p.114.

⁵⁹³ Hugh Miles, 'Al-Jazeera boss steps down: strains with Qatar royals?', *BBC News*, 1 October 2011.

⁵⁹⁴ Blake Hounshell, 'The end of the AL Jazeera decade?', *Foreign Policy*, 20 September 2011. Lina Khatib, 'Wikileaks, Al Jazeera and the Qatari Public Diplomacy Challenge', USC Centre on Public Diplomacy at the Annenberg School, 2010.

Tensions with the US were particularly apparent over Al-Jazeera's coverage of the GWOT and, in particular, the airing of the bin Laden tapes before, during and after the war in Afghanistan (Al-Jazeera's office in Kabul was bombed in November 2001). Though tensions were deflated somewhat by Al-Jazeera's agreement to provide the US with copies of Bin Laden videos 48 hours before airing them, and to allow US officials' airtime to comment on or rebut the tapes.

Tensions between Washington and Doha over the role of Al-Jazeera escalated following the US invasion of Iraq in 2003. Al-Jazeera took a leadership role in international journalistic initiatives following the outbreak of war and, notably, in 2004, it even organised a forum for news organisations from around the world to discuss global communication technology issues in the context of the war in Iraq.⁵⁹⁵

In May 2003, during the battle for Baghdad, the office of Al-Jazeera was the target of an American missile, which claimed the life of Tarek Ayyoub, one of Al-Jazeera's reporters. As in the case of Kabul two years earlier, the argument of US officials that Al-Jazeera's office was not targeted or deliberately bombed did not satisfy many. Salah Hassan, a cameraman for the channel, was subsequently arrested by US forces in November 2003, while covering the aftermath of an attack on a US convoy near the city of Baquba.

Senior US officials repeatedly requested from their Qatari counterparts that the critique of US policies and actions on Al-Jazeera be toned down. On one well-publicized occasion Qatar's Emir reportedly responded to such a request from US Secretary of State Colin Powell by pointing out that the first amendment of the American Constitution guaranteed the freedom of the press.⁵⁹⁶

⁵⁹⁵ Jacqueline E. Sharkey, 'Al Jazeera Under the Gun', *American Journalism Review*, October-November 2004.

⁵⁹⁶ Steve Tatham, 'Losing Arab Hearts and Minds: The Coalition, Al-Jazeera and Muslim Public Opinion'.

In April 2004, the Bush administration protested to Al-Jazeera and provided a list of what it described as ‘inflammatory’ reports. On this occasion, Powell once more raised these concerns in a meeting with Qatar’s foreign minister saying that ‘the friendship between our two nations is such that we can also talk about difficult issues that intrude in that relationship, such as the issue of the coverage of Al-Jazeera’.⁵⁹⁷ In response, Hafez al-Mirazi, Al-Jazeera’s Washington Bureau Chief claimed that his network maintained editorial independence from the Qatari government and called Powell’s intervention with Qatar’s foreign minister as ‘regrettable’.⁵⁹⁸

Nevertheless, State Department sources at the time argued that US efforts in Iraq and across the Middle East were being undercut by what *The New York Times* described as ‘politically motivated or erroneous reports’.⁵⁹⁹ This US dissatisfaction with the news network became a matter of public record from 2004 onward because of the US administration’s concerns over the negative impact of Al-Jazeera coverage on the continued US occupation of Iraq. In particular, the fear in Washington was that the channel’s negative coverage would further inflame anti-American sentiment, in turn making it harder to gain Iraqi support for US post-invasion stabilisation efforts.

In particular, there was barely concealed anger over what US officials viewed to be emotive reports by Al-Jazeera of civilian casualties in Iraq, without any attempt to provide the broader context. Similarly, there was a belief that the channel gave undue and excessive attention to the statements and arguments of Osama bin Laden and, in the words of the *Financial Times*, was complicit in ‘giving a platform to Al-Qaeda leaders’.⁶⁰⁰

⁵⁹⁷ ‘A Jazeera reports affect US-Qatar ties’, *Reuters*, 28 April 2004.

⁵⁹⁸ Christopher Marquis, ‘US Protests Broadcasts by Arab Channels’, *The New York Times*, 29 April 2004.

⁵⁹⁹ *Ibid.*

⁶⁰⁰ Roula Khalaf & Martin Dicks, ‘Qatar: Emir on a mission’ *The Financial Times*, 24 October 2010

Most controversially, there were also accusations that Al-Jazeera was encouraging terrorists by airing broadcasts of beheadings of foreign hostages in Iraq, a charge the channel's executives dismissed as 'unfounded' on the grounds that 'never at any time' had it 'transmitted' such pictures and voiced 'deep regret and surprise' over the US accusation.

In 2004, at the height of these tensions, one anonymous senior US official told the *New York Times*, 'All people are seeing [on Al Jazeera] is the minaret hit by American fire and falling. They're not seeing the pictures of the fighters shooting at us from those mosques and minarets'.⁶⁰¹ As State Department spokesman Richard Boucher explained, 'we have very deep concerns about Al Jazeera's broadcasts because, again and again, we find inaccurate, false, wrong reports that are, we think, designed to be inflammatory that appear on this network'. He continued to argue that such broadcasts 'make the situation more tense, more inflamed and even more dangerous for Americans, for Iraqis and for Arabs'.⁶⁰²

In July 2004, Secretary of State Powell claimed that videotapes of terrorists screened 'for the purpose of inflaming the world and appealing to the basest instincts in the region' and Powell said he had 'many, many discussions [about the] horrible' coverage with Qatari government.⁶⁰³

So concerned was the US Department of Defence over the negative impact of Al-Jazeera coverage on the war effort that its Arabic media and programmes unit began maintaining an Al-Jazeera 'truth matrix', which included over 50 entries by April 2004. There was also an instruction to combat troops to use their personal

⁶⁰¹ Christopher Marquis, 'US Protests Broadcasts by Arab Channels', *The New York Times*, 29 April 2004.

⁶⁰² Ibid.

⁶⁰³ Jacqueline E. Sharkey, 'Al Jazeera Under the Gun', *American Journalism Review*, October-November 2004.

digital cameras to take pictures of insurgents operating from mosques and from behind civilians in order to counter the images shown on Al-Jazeera.⁶⁰⁴

The channel's footage of civilian casualties in Fallujah in 2004 resulted in US Secretary of Defence Donald Rumsfeld describing the Channel as a 'mouthpiece of Al Qaeda...inaccurate and inexcusable'. On another occasion he accused it of dealing in 'vicious lies'.⁶⁰⁵ While a 2005 memorandum of a conversation between Tony Blair and George Bush was leaked in which the US president reportedly suggested bombing the headquarters of Al-Jazeera in Doha.

In the summer of 2004, Al-Jazeera's Baghdad office had been shut down by the interim Iraqi government on the grounds that the channel had incited violence and racial hatred. Though Al-Jazeera denied this charge, the US administration refused to condemn the move, which came months after intense US criticism of the channel that reverberated and impacted on political and diplomatic relations for the remainder of the period under examination in this thesis. Most notably, the decision of the US president not to visit Qatar during an early 2008 visit to the region was widely interpreted as a consequence of the Bush administration's anger over Al-Jazeera.⁶⁰⁶

There is no doubt, as Hugh Miles suggests, that Al-Jazeera deviated considerably from the Qatari government's pro-American policy *vis a vis* the war in Iraq. It is also evident that the channel regularly challenged the US version of events on other sensitive issues. Every time the US government complained to Doha about Al Jazeera content the government was adamant that it did not interfere in the editorial independence of the channel.

⁶⁰⁴ Christopher Marquis, 'US Protests Broadcasts by Arab Channels', *The New York Times*, 29 April 2004.

⁶⁰⁵ Lorne Manly, 'Translation: Is the Whole World Watching?', *The New York Times*, 26 March 2006.

⁶⁰⁶ Dilip Hiro, 'Qatar feels the chill', *The Guardian*, 9 January 2008.

Having said that, according to a *Wikileaks* cable of October 2005 Al-Jazeera's then managing director Wadah Khanfar did succumb to pressure from US officials to play down civilian casualties in some of the network's coverage of the Iraq war, and agreed to remove an inflammatory slide show from the channel's website.⁶⁰⁷

If this is true, it raises as many questions about US attitudes to free speech and reporting as it does about Al-Jazeera's editorial independence. As one former US ambassador in the Middle East noted, 'the challenge here is, how does the US on the one hand promote freedom of the press as part of a whole process of reform in the Arab world, and on the other, accommodate the interests of the US and its troops. There's a big tug there'.⁶⁰⁸

Al-Jazeera was one of the few news channels with a substantial Arabic and English presence in Gaza during the Israel-Hamas war in December 2008 and January 2009. Exactly one year later, in January 2010 Al-Jazeera (in cooperation with the *Guardian* newspaper in London) published more than 1600 documents detailing negotiations between Mahmoud Abbas and the Palestinian Authority (PA) and Israeli and US officials.⁶⁰⁹

The first batch of documents released focused largely on final-status negotiations between the PLO and Israeli Prime Minister Ehud Olmert's government between 2006-09.⁶¹⁰ Much of the material seemed to present Abbas' PA leadership as surrendering Palestinian claims on such key issues as the status of Jerusalem and the right of return of Palestinian refugees. Indeed, the Al-Jazeera website featured an

⁶⁰⁷ Philip Seib, 'The Resignation of Wadah Khanfar and the Future of Al Jazeera', *Foreign Affairs*, 27 September 2011.

⁶⁰⁸ Christopher Marquis, 'US Protests Broadcasts by Arab Channels', *The New York Times*, 29 April 2004.

⁶⁰⁹ For the channel's detailed coverage of this affair see <http://english.aljazeera.net/palestinepapers/1>

⁶¹⁰ 'Israeli reaction to the Al Jazeera Leaks', *The Economist*, 27 January 2011. See also 'Leaks must not poison diplomacy', *The Economist*, 27 January 2011 and Tobias Buck, 'Al-Jazeera accused of plot to weaken Abbas', *The Financial Times*, 25 January 2011.

above the fold photograph of chief Palestinian negotiator Saeb Erekat next to the quote, ‘we are offering you the biggest yerushalayim in Jewish history’.⁶¹¹

From one perspective Al-Jazeera’s release of this mass of documents provided the Palestinian leadership with a great service. Amjad Atallah of the Middle East Task Force at the New America Foundation argued that the release of the documents finally killed the myth created by President Bill Clinton that the Palestinians were not serious partners at Camp David and were to blame for the lack of a two state solution to the conflict. While *The Economist* magazine argued that ‘if anything’ the batch of leaked papers ‘shows the Palestinians defending their corner rather well’.⁶¹²

But Palestinian leaders were unmoved by such positive assessments and took great exception to the implication put forward repeatedly by Al-Jazeera in its coverage that it had given away almost everything to the Israelis, without pressuring them for concessions or compromise in return. The PA challenged the veracity of the documents,⁶¹³ with Erekat claiming that the channel had taken documents ‘out of context’ and that its ‘information is full of distortions and fraud.’⁶¹⁴

The Palestinians also viewed Al-Jazeera’s move not only as an attack on its negotiating strategy but also as a ‘direct attack’⁶¹⁵ on its leadership. No doubt influenced greatly by the Qatari government’s attempt to insert itself into both Israeli-Palestinian diplomacy and Hamas-Fatah reconciliation, Mahmoud Abbas accused Al-Jazeera of trying to destroy him politically.⁶¹⁶

⁶¹¹ Robert Danin, ‘Nasty Leaks’, *Foreign Policy*, 24 January 2011.

⁶¹² Amjad Atallah, ‘Look, the Emperor has no clothes: Al Jazeera’s Palestine papers’, *Foreign Policy*, 24 January 2011. See also ‘Al Jazeera and the Palestinians: The Palestine Papers’, *The Guardian*, 24 January 2011.

⁶¹³ Nadia Hjab, ‘Leaks will cripple Palestinian Authority’, *The Financial Times*, 24 January 2011.

⁶¹⁴ Blake Hounshell, ‘Palestinian leaders scramble to spin al Jazeera leaks’, *Foreign Policy*, 24 January 2011.

⁶¹⁵ Robert Danin, ‘Nasty Leaks’, *Foreign Policy*, 24 January 2011.

⁶¹⁶ Robert F. Worth and David D Kirkpatrick, ‘Seizing a moment, Al Jazeera Galvanizes Arab Frustration’, *The New York Times*, 27 January 2011.

Veteran Palestinian official Yasser Abd Rabbo described the publication of the documents as a ‘political campaign of the first degree’ and a ‘political decision at the highest level from our brother in Qatar’. He even claimed that the Emir of Qatar was responsible, as he had instructed Al-Jazeera to attack the PA as a way of protecting his own regional influence.⁶¹⁷

On a more practical level the channel’s office in Ramallah was surrounded by protesters carrying signs ‘Al-Jazeera=Israel’ and billboards were erected criticizing Qatar for its relations with Israel.⁶¹⁸ Al Jazeera had broken the taboo among Arab media outlets by becoming the first Arab channel to allow Israelis to speak uncensored and then by regularly inviting Israeli officials to present their case live. This included then Prime Minister of Israel, Ariel Sharon, who was invited to speak live on Al-Jazeera on the eve of the Arab Summit held in Beirut in March 2002. However, the interview was canceled at the last minute.

Interestingly, in terms of the changing attitude to both Al-Jazeera and Qatari involvement in regional diplomacy, in the same month as the Ramallah attacks on the news channel supporters of ousted Prime Minister Saad Hariri of Lebanon set fire to an Al-Jazeera vehicle and accused the channel of sympathizing with Hezbollah.⁶¹⁹

In truth there was little in the Palestine Papers published by Al-Jazeera that was not already widely known.⁶²⁰ But the case clearly highlighted the power of Al-Jazeera to anger regional leaders and the perception that the channel, in the final account, was the mouthpiece of the Qatari Emir.

Speaking in 2010, Sheik Hamad bin Khalifa Al Thani acknowledged this

⁶¹⁷ Hugo Naylor, ‘Al Jazeera under fire in Palestine over leaked papers’, *The National*. See also ‘Al Jazeera and the Palestinians: The Palestine Papers’, *The Guardian*, 24 January 2011.

⁶¹⁸ Hugo Naylor, ‘Al Jazeera under fire in Palestine over leaked papers’, *The National*.

⁶¹⁹ Robert F. Worth and David D Kirkpatrick, ‘Seizing a moment, Al Jazeera Galvanizes Arab Frustration’, *The New York Times*, 27 January 2011.

⁶²⁰ Karl Vick & Abu Dis, ‘The Palestine Papers: When “Behind Closed Doors” Goes Public’, *Time*, 26 January 2011.

anger while rejecting any editorial role, 'I know Jazeera causes me a big problem ... In the past, many Arab leaders ... didn't want to talk to me'. 'But it's good', he continued, 'that then they understand that I'm not going to change my mind'.⁶²¹

At the same time, the few years immediately prior to 2010 also saw to some degree what *The New York Times* has described cogently as the 'gradual domestication of Al-Jazeera'.⁶²² This was most apparent in the channel's evolving relationship with both Saudi Arabia and the US. In September 2007, after a number of years of open tension, the Qatari Emir visited to Riyadh. Later in the same year Saudi Arabia's leader attended a GCC summit in Doha. This led to an announcement in the same month that Saudi Arabia would 'immediately' send an ambassador back to Qatar for the first time since 2002.

One motive for rapprochement was the rising tension over the Iranian nuclear programme.⁶²³ This looming challenge made inter-GCC cooperation in the security sphere increasingly necessary. It is possible to see a gradual toning down in Al-Jazeera's rhetoric on Saudi Arabia from as far back as 2003, when the channel's founding managing director Mohammed Jassem al-Ali left office.

It became much more noticeable following the improvement in bilateral diplomatic, political and economic relations from the end of 2007 onwards. Some media experts also noticed a new tendency for the channel to treat Saudi Arabia with 'kid gloves'⁶²⁴ and fewer Saudi dissidents appeared on Al-Jazeera programmes.

⁶²¹ Roula Khalaf & Martin Dicks, 'Qatar: Emir on a mission' *The Financial Times*, 24 October 2010

⁶²² Robert F. Worth, 'Al Jazeera no Longer Nips at Saudis', *The New York Times*, 4 January 2008.

⁶²³ In these terms, Qatar had been the sole dissenting voice when the UN Security Council passed resolution 1696 in July 2006, which demanded Iran halt its nuclear enrichment activities and imposed sanctions on the country. However, in December 2006 and March 2007, Qatar voted in support of UN resolutions 1737 and 1747 that imposed further sanctions on Iran.

⁶²⁴ Sultan Sooud AL Qassemi, 'How Saudi Arabia and Qatar Became Friends Again', *Foreign Policy*, 21 July 2011.

In particular, some wondered whether the channel would have remained silent over a November 2007 Saudi court ruling sentencing a young woman to 200 lashes after she pressed charges against a group of men for rape, if high level ties with Saudi Arabia had not improved in the previous months and if the Saudi King was not scheduled to attend a summit meeting in Doha within weeks.⁶²⁵

Hugh Miles, one of the leading western experts on Al-Jazeera has noted that in the post-2008 era, ‘issues of extreme sensitivity to the Saudi regime, such as royal family corruption and the succession question [have been] passed over lightly’.⁶²⁶

The practical consequences of this were quickly seen. In March 2008 Saudi Crown Prince Sultan visited Qatar for 3 days, the first such visit since 2002. In July 2008, a high level meeting between officials of both countries in Jeddah led to the agreed demarcation of shared borders and the establishment of a joint council at crown prince level to strengthen ties in the political, security and financial and economic spheres. Saudi Arabia and Qatar signed a comprehensive bilateral agreement including political, security, economic and media cooperation in December 2008. In 2010 Qatar released 10 Saudi prisoners serving life sentences in the country. While in early 2011, Saudi Arabia gave permission to Al-Jazeera for the first time to open an office in the country and station a permanent correspondent there.⁶²⁷

The parallel normalization of relations between Saudi Arabia, Al-Jazeera and the Qatari state in the same period underscores clearly the intricate relationship between the news channel and government foreign policy in the years up to 2010.⁶²⁸ This in turn undoubtedly raises issues related to the independence of Al-Jazeera from the foreign policy priorities of Qatar’s leadership and has led some to argue that the

⁶²⁵ Robert F. Worth, ‘Al Jazeera no Longer Nips at Saudis’, *The New York Times*, 4 January 2008.

⁶²⁶ Hugh Miles, ‘The Al Jazeera Effect’, *Foreign Policy*, 8 February 2011.

⁶²⁷ Ibid.

⁶²⁸ Olivier Da Lage, ‘Politics and media in the Middle East: The post-Al Jazeera era’, *Moyen-Orient*, 29 December 2013.

channel was nothing more than a ‘sophisticated mouthpiece’⁶²⁹ of the state.

From its launch Al-Jazeera’s most precious asset was its credibility. One key indicator of this was its coverage of Saudi Arabia, which also contributed greatly to Qatar’s efforts to emerge as a leading regional actor in part by reigning in Saudi influence in the region in a pro-active fashion.

But regardless of whether or not Al-Jazeera chose independently or was directed to take a less aggressive approach to reporting and coverage on Saudi Arabia in the period after 2007 as the *Economist* magazine put it in 2010, ‘the influence and reach of Al Jazeera continues to astound’.⁶³⁰ Or in the words of one regional Arab commentator by the time of the Arab Spring the channel had become the ‘biggest media phenomenon in the Arab world since the advent of television... [had] revolutionised Arab-language television news... [and had become] the most watched, the most controversial new channel in the region’.⁶³¹

By 2010 the channel was estimated to reach 200 million and beamed into around half of all Arab homes.⁶³² Since the establishment of Al-Jazeera English in May 2006 it also consistently rivaled international players like the BBC and CNN in terms of worldwide audiences, with an estimated 35-50 million viewers and between them the two Al-Jazeera channels had at least 60 bureaus (up from 35 in 2001), with 12 in Africa alone.

⁶²⁹ Khaled Hroub, ‘Al Jazeera: the source of Arab springs’, *ABC* (Australia), 20 October 2011.

⁶³⁰ Al Jazeera: More powerful than ever’, *The Economist*, 27 May 2010.

⁶³¹ Mohammed el-Nawaway, Adel Iskander Farag, Joanne J. Myers, ‘Al Jazeera: How the Free Arab News Network Scooped the World and Changed the Middle East’, *C-SPAN*, 1 April 2002.

⁶³² Al Jazeera: More powerful than ever’, *The Economist*, 27 May 2010.

So profoundly had Al-Jazeera turned the traditional media system in the Arab world upside down that commentators even talked in terms of a ‘pre-Al Jazeera era and a post-Al Jazeera era’ in the Middle East.⁶³³

This inevitably meant that even before the Arab Spring, the channel’s success led some to argue that it had outgrown Qatar and that Al-Jazeera was a state with ‘Qatar as its capital’ or that ‘Al Jazeera is a major league channel in a minor league country’.⁶³⁴

This is a fundamental misunderstanding of both Qatar in the period between 1995 and 2010 and Al-Jazeera’s role in and influence in the country during those years. Certainly, the channel’s success contributed to Qatar’s attempt to increase its regional influence. The channel gave Qatar a sense of its place not only locally but across the Arab world and beyond. One can even argue, as has been done, that Al-Jazeera is the ‘main identification’ of Qatar for people across the globe.

However, while it is true that Al-Jazeera in the period between 1996 and 2010 provided Qatar with a global profile that far exceeded its size, the greater truth is that Al-Jazeera was not simply a ‘showpiece’⁶³⁵ or the vehicle for Qatar and its ambitious Emir to play a high profile role in the region and the world beyond. Rather, its creation and success was only possible because it represented and illuminated the vision of Qatar post-1995.

In increasing its profile across the region and then, after the establishment of Al-Jazeera English in 2006, across the globe, it echoed the attempts of Qatar the country to do the same. Within a year of its launch Al-Jazeera English was a 24-hour

⁶³³ Olivier Da Lage, ‘Politics and media in the Middle East: The post-Al Jazeera era’, *Moyen-Orient*, 29 December 2013.

⁶³⁴ Mohammed el-Nawaway, Adel Iskander Farag, Joanne J. Myers, ‘Al Jazeera: How the Free Arab News Network Scooped the World and Changed the Middle East’, *CSPAN*, 1 April 2002.

⁶³⁵ John Kifner, ‘At Arab All-News Channel, Western Values Prevail’, *The New York Times*, 12 October 2001.

news channel reaching 100 million homes. From the start with four regional news bases – in Washington D.C., London, Kuala Lumpur, and Doha – it presented itself as providing ‘accurate, impartial and objective news for a global audience from a grass-roots level’ and promised that it would develop into ‘the channel of reference for Middle East news’.⁶³⁶

In the process, Al-Jazeera English became an integral part of the development of the “Qatar brand” in the foreign policy arena and has done more than anything else to bring attention to the country’s progressive approach to socio-economic development, political liberalization and fundamental rights such as freedom of speech.⁶³⁷

The channel also consolidated Qatar’s place on the world map as a gateway to the Arab world, as well as developing into one of the ‘most important organizations in the world today.’⁶³⁸ In these terms, Al-Jazeera ‘exhibited Qatar’s heterodoxical course’,⁶³⁹ while at the same time shattering the long-time argument in the small state literature that decision makers in smaller states are unable to compete with their counterparts in larger states in regard to the quantity and diversity of information that is available to them and which they can disseminate.⁶⁴⁰

This was true in terms of Al-Jazeera’s impact on bilateral relations between Qatar and Saudi Arabia, the US and Palestinians in the period up to 2010. It is also evidenced in the fact that over the same period Qatar and Al-Jazeera were accused by

⁶³⁶ See Andrew F. Cooper and Bessma Momani ‘The Challenge of Re-branding Countries in the Middle East: Opportunities through New Networked Engagements versus Constraints of Embedded Negative Images’, Paper presented to the ISA Annual Conference, San Francisco, March 2008, p.16

⁶³⁷ See interview with Youssef Michel Ibrahim, ‘Persian Gulf Nations’ Bulging Coffers Bring “Wrenching Transformation”, *Council on Foreign Relations*, 4 June 2008, p.1-2.

⁶³⁸ Eytan Gilboa and Shawn Powers. ‘The Public Diplomacy of Al-Jazeera’, in P. Seib (ed.), *New Media and the New Middle East*, New York, Palgrave Macmillan, 2007, pp.53-80.

⁶³⁹ Norbert Wildermuth, ‘Defining the “Al-Jazeera Effect”’: American Public Diplomacy at a Crossroad’, *Media Res*, Vol. 1, No.2 (February 2005).

⁶⁴⁰ Peter R Baehr, ‘Small States: A Tool for Analysis’, *World Politics*, Vol. 27, No. 3 (April 1975), pp. 456-466, p. 462.

friends and foes alike of acting in the interests of Al-Qaeda, the White House, Saddam Hussein, Israel, Hamas, the Taliban, Hezbollah and the CIA. Sometimes, on the same issue and at the same time.

Chapter 7

Small State, Big Challenges: Sustainability on the home front

‘Weakness [is the] most common, natural and pervasive view of self in the small state’. David Vital⁶⁴¹

‘An Arab version of Switzerland – rich, neutral, secure’,⁶⁴² is how one commentator described Qatar in 2006. In the relatively short period of time covered in this thesis between 1995 and 2010, Qatar developed into a leading foreign policy player on the regional and international stage. At home its achievements were no less impressive as the country was one of the fastest- growing economies in the world, as well as one of the wealthiest and had come to be recognised as standing ‘on the frontier of the global economy’.⁶⁴³

Compared to many other economies, Qatar was relatively spared from the global economic crisis that began in 2008-09, with the growth rate slowing to an impressive 9 percent in 2009, down from 16.4 percent in 2008. This consistently high growth, combined with prudent government support for the financial sector, contributed to maintaining macroeconomic and financial stability. In fact, in global terms Qatar’s macroeconomic environment emerged stronger from the crisis, moving from 13th to 8th place globally according to the World Economic Forum’s Arab World Competitiveness Review.⁶⁴⁴

As such, despite the global economic downturn, Qatar’s budgets for the fiscal years 2008-09, 2009-10 and 2010-11 were expansionary in nature, with total

⁶⁴¹ David Vital, *The Inequality of Small States*, New York, Oxford University Press, 1967, p.33.

⁶⁴² Lorne Manly, ‘Is the whole world watching?’, *The New York Times*, 26 March 2006.

⁶⁴³ Simon Romero, ‘Qatar finds a currency of its own: Natural Gas’, *The New York Times*, 22 December 2005.

⁶⁴⁴ World Economic Forum, *The Arab World Competitiveness Review*, 2010, p. 16.

expenditures up by an estimated 46 percent year on year due to flagship infrastructural projects, including the overhaul of the airport, rail and metro and road networks.

This was in part due to pre-investment in anticipation of the World Cup bid. But it was also due to the conscious decisions of policymakers who were adamant that infrastructural development had to play, in the words of then Qatari Finance Minister Yousef Hussain Kamal, a critical role in the country's progress and development and would not be abandoned or frozen despite the global downturn.

This view was echoed by Qatar's Olympic Committee secretary-general, Sheikh Saoud bin Abdulrahman al-Thani, who told the World Conference on Sport and Environment (WCSE) in the wake of the successful World Cup bid that 'Infrastructure development has left a lasting legacy in Qatar and will continue to be a key driver of all fundamental indicators... [part of a] vision to develop a truly sustainable and energy independent economy'.⁶⁴⁵

The above reference to a 'sustainable' economy underscored the fact that by 2010 Qatari leaders were focused on socio-economic development that resulted in sustainability across all sectors of economic endeavour. As Khalid bin Mohammad Al Attiyah, Minister of State for Foreign Affairs, would explain, 'As a nation we believe it is our responsibility to invest today in the technologies and practices required to build a healthy and prosperous future for the next generation'.⁶⁴⁶

By 2010, Qatar had already made huge progress in terms of establishing the foundations across society required to achieve sustainable growth and progress. Each year from 1990 onwards, the United Nations Development Program (UNDP) has published the Human Development Index (HDI). This evaluates a country's economic

⁶⁴⁵ 'Qatar pursuing sustainable development at all levels', *Sustainable.onbeon.com*, 11 May 2011.

⁶⁴⁶ 'Qatar joins New International Organisation to promote Green growth', *PR Newswire.com*, 21 June 2012.

and social progress outside the traditional GDP measures. In particular, the HDI takes into account education, in particular the literacy levels of the local population, as well as health indicators, notably access to clean water and electricity, and to basic health and sanitation facilities as well as life expectancy at birth.

Though the HDI does not take into account gender or income inequality or human and political rights it is nonetheless accepted as an important and valuable measure of socio-economic development above and beyond GDP. The UNDP classifies countries into three groups: (1) high human development (with an HDI measure between 0.8 and 1.0, largely for industrialized countries); (2) medium human development (an HDI between 0.5 and 0.8); and (3) low human development (an HDI less than 0.5).

In the period between 1995 and 2010 no single country achieved the full mark of 1.00, though a number of small states in the international system have scored very highly each year. Notably Norway, Iceland and Ireland have consistently ranked in the top five globally between 2007 and 2010, with Norway topping the rankings in 2008 with 0.908; 2009, with 0.971 and 2010 with 0.938.

For its part, Qatar has seen a consistent rise in its ranking over the period covered in this dissertation.⁶⁴⁷ This was particularly the case from 2000 onwards. In 2000 Qatar was ranked 47th with a score of 0.839. By 2004 it was ranked 44th with a score of 0.844 in 2004. By 2008 the country ranked 32nd with a score of 0.876; in 2009 it was ranked 33rd with a score of 0.910; and by 2010 it was ranked 38th with a score of 0.803.

Thus, over the course of the years examined in this thesis Qatar had moved into the High Human Development grouping, at least according to the UN.

⁶⁴⁷ Bienvenu-Magloire Quenum , ‘Vision and Strategy Behind Qatar’s Take-Off’, *Businessafrica.net*, 15 January 2008.

Over the same period, Qatar achieved similarly impressive results in the Arab World Competitiveness Review published by the World Economic Forum. In 2010 it was ranked 17th globally, not only reaffirming its position as the most competitive country in the Arab world, but highlighting its high-quality institutional framework (with low levels of corruption and undue influence, high government efficiency and excellent security) for which it was ranked 10th globally, as well as its stable macroeconomic environment (8th) and the efficiency of its goods market (12th).⁶⁴⁸

All this makes it easy to understand why in mid-2010, *The New York Times* proclaimed that the ‘citizens of Qatar appear to have it made’.⁶⁴⁹ Certainly during the period between 1995 and 2010 Qatar’s leaders exhibited a commitment to initiating and supporting long term strategies for change and development and for acknowledging, as this thesis has attempted to show, the vital interplay between social, economic and political factors in the process of rapid growth and development.

As, Hamad bin Jassim bin Jaber bin Muhammad Al Thani, Qatar’s foreign minister and prime minister during the period under examination, summed up in 2005, in the decade since 1995 his government’s policies and actions had been ‘characterized with the determination —we are on the path of reform and democracy, not overlooking the social fabric that characterizes our society—and this was adopted prior to the events of 9/11 and we have come a long way since then’.⁶⁵⁰

The willingness to embrace the long-term strategies that required to make such statements come true challenges Rothstein’s critique of small states for their ‘vaunted

⁶⁴⁸World Economic Forum, *The Arab World Competitiveness Review, 2010*, p. 16.

⁶⁴⁹Michael Slackman, ‘Affluent Qataris Seek What Money Cannot Buy’, *The New York Times*, 13 May 2010.

⁶⁵⁰‘A Conversation with Sheik Hamad Bin Jassim Bin Jabr al-Thani’, *Council on Foreign Relations*, New York, 14 September 2005.

irresponsibility' based on the 'imperatives of immediate security', which may preclude consideration of long-range problems.⁶⁵¹

However, a commitment to long-term planning has not eradicated the challenges faced by contemporary Qatar as it moves into the next stage of its development. As in the rest of the region, there has been, and continues to exist and understandable tension between traditional society and political norms that have struggled to keep pace with the unprecedented process of rapid development, modernization and ambition.⁶⁵²

An increasingly important measure of a mature society is the relationship of the state to its civil society sector. Traditionally GCC states, including Qatar, have been reluctant to promote or even allow open access for civil society actors. This is a barrier to reform.⁶⁵³ Instead of seeing civil society as a threat and a challenge, governments should see it as a strength, and this paradigm shift will allow them to tackle problem areas, such as skill divides, youth unemployment and dissatisfaction, as well as address discrimination based upon ethnicity, religion or gender, all of which impact negatively on the skilled labour market.

A strong and thriving civil society can provide support for government in various areas. For example, working to integrate the inhabitants of rural areas, promoting gender equality and interacting with disaffected youth are all key functions of civil society groups.⁶⁵⁴ Non-profit organisations can also play an important role in nurturing other forms of human capital in a developing society.

⁶⁵¹ Robert L. Rothstein, *Alliances and Small Powers*, New York and London, Columbia University Press, 1968, p. 27.

⁶⁵² Kito de Boer and John M. Turner, 'Beyond Oil: Reappraising the Gulf States', *McKinsey Quarterly, Special Edition*, 2007, pp.7-12.

⁶⁵³ Jill Crystal, 'Civil Society in the Arabian Gulf', Richard Augustus Norton (ed.), *Civil Society in the Middle East Vol 2*, Lieden, Brill, 1994, pp. 261-266.

⁶⁵⁴ *Ibid.*, pp.261-266.

As noted over the course of this dissertation, Qatar's growth and development has been primarily achieved between 1995 and 2010 by revenues generated from its oil and, increasingly, in more recent years from its gas sector.

Traditionally, economies dependent on energy revenues are inherently less competitive and less efficient than their non-oil counterparts. The literature attributes this lack of competitiveness to very tight regulatory policies followed by the government and an equally poor implementation of reforms.⁶⁵⁵

Qatar's leaders in the period between 1995 and 2010 were very aware of these pitfalls, as well as the more general negative consequences of an overreliance on natural resource revenues. Notably, shocks in the price of oil have resulted in fluctuating business cycles as economies respond to the rise and fall in the price of oil and the spillover of volatility from oil to non-oil sectors.

In 2007, a year during which the Qatari energy sector accounted for around 56 percent of GDP, 80 percent of export earnings and 70 percent of government revenues,⁶⁵⁶ the Emir acknowledged his country's past failures to maximize the benefit of its revenues from natural resources. As he explained, as the price of oil shot up in the 1970s, 'we found ourselves here in paradise, money everywhere, everywhere. We didn't try to make ... a good plan to keep part of this money for the future'.⁶⁵⁷ He added that:

Qatar used to be famous for its pearl hunting activities, but when the Japanese invented artificial pearls, so to speak ... this caused a lot of poverty and

⁶⁵⁵ See, for example, RL Revesz, 'Federalism and Regulation: Some Generalizations' D.C. Esty and D Geradin, *Regulatory Competition and Economic Integration: Comparative Perspectives*, New York, Oxford University Press, 2001, pp.3-27 and Timothy Besley and Torsten Persson, 'Fragile States and Development Policy', *Journal of the European Economic Association*, Vol. 9, No, 3 (2011), pp. 371-398.

⁶⁵⁶ Economist Intelligence Unit, *Country Report, Qatar, 2009*, London, 2010.

⁶⁵⁷ Roula Khalaf & Martin Dicks, 'Qatar: Emir on a mission' *The Financial Times*, 24 October 2010.

deprivation in Qatar. But when we discovered oil we didn't learn from what happened during the pearl time – that we risked becoming poor.⁶⁵⁸

Then he concluded with a stark but pragmatic summary of the challenges his country faced going forward. 'Our energy sector won't last forever - so we need to secure a good life so they [future generations] can continue the same standard of living... We will have lots more money over the next few years. The challenge is where to invest it'.⁶⁵⁹

In order to ensure that this challenge is met by his successors since he departed office in 2013, Qatar's leaders need to harness energy revenues in building up sustainable development. This requires, first and foremost, reducing the country's vulnerability to commodity price fluctuations through diversification into other economic sectors and improving competitiveness across the economy.⁶⁶⁰ As this thesis has shown, this objective was a major priority for Qatar's leadership in the period between 1995 and 2010.

Studies have shown that nations like Qatar, with a high economic concentration ratio, suffer from higher growth volatility than nations with a high diversification quotient like Norway.⁶⁶¹ In fact Norway, a nation that, as shown above, excels in the UNDP's rankings and whose hydrocarbon wealth has not prevented it from achieving a successful strategy of economic diversification, is an important small state case study for Qatar. So too are countries like Finland, Iceland, Singapore, Israel and Ireland, other small states which for different reasons and in

⁶⁵⁸ Ibid.

⁶⁵⁹ *The Financial Times*, 23 October 2007.

⁶⁶⁰ Although not focused primarily on Qatar, a landmark 2008 study by the consultants Booz & Hamilton compared economic diversification and sustainability in the GCC with the G7 economies and what were then known as the "transformational" economies of Hong Kong, Ireland, New Zealand, Norway, Singapore and South Korea. See *Economic Diversification: The road to sustainable development*, London, Booz Hamilton, 2008.

⁶⁶¹ See 'Qatar Needs More Diversification', *Gulf News*, 13 May 2008.

different areas of socio-economic endeavour offer cases of ‘best practice’ that Qatar can draw on.

This is true in terms of negative, as well as positive lessons. In the process of maximising the benefits of its energy revenues via diversification, Qatar should ensure that there are mechanisms in place that limit any tendency towards squandering current prosperity. This is one of the stark lessons of the Irish experience of failing to set out and follow a long-term investment strategy that capitalised on the prosperity and income generated during the boom years of the 2000s prior to the global financial crisis.

There is little doubt that most of Qatar, along with the rest of the GCC, has spent heavily in pursuit of economic diversification. However, as chapter 4 has highlighted much of this has been targeted upon building the necessary physical infrastructure and establishing, from a very low base, a globally competitive educational system.⁶⁶²

Between 1995 and 2010, Qatar was an excellent example of how investment in physical infrastructure can bring quick rewards. A good transport system, energy producing facilities, manufacturing centres and developed hospitality and services sectors all led to a return on investment, eventually creating a good return on any initial outlay.⁶⁶³

However, an emphasis on physical infrastructure must always be balanced by investment in both structural reform and investment in human capital development. Small state theory argues that development depends greatly on the extent to which the nation in question is able to secure an indigenous base for research and development.

⁶⁶² Ugo Fasano and Zubair Iqbal, *GCC Countries: From Oil Dependence to Diversification*, Washington D.C., International Monetary Fund, 2003, pp. 8-11.

⁶⁶³ Ugo Fasano and Qing Wang, *Testing the Relationship Between Government Spending and Revenue: Evidence from GCC Countries*, New York, International Monetary Fund, 2002, pp.3-8.

This is difficult to achieve. Building up Qatar's research capacity and knowledge-economy requires a continued focus on human capital development in key areas – including education, health, financial services, technology – that can help achieve economic diversification, improve competitiveness, increase productivity, attract further foreign direct investment (FDI) and ultimately results in a more prosperous and stable society.

For example, a foreign company is not going to invest in a country just because it has a good physical infrastructure with plenty of modern, well-designed office buildings. It also wants to be sure that its money is safe and unchallenged by corruption, that political instability is not going to threaten its investment, and that there is a talented pool of skilled labour to draw upon. This requires sustained and innovative approaches to education.

Ireland despite its failure to develop and initiate a strategic investment plan prior to 2008 has nonetheless excelled in the above in exactly the same period (1995-2010) that is the focus of this dissertation. The Irish success in attracting foreign direct investment during this decade and a half came about because of a willingness to harness an educated, English-speaking workforce to a number of progressive economic policies—most notably low tax rates, flexible business practices, and a strategic goal 'to promote a competitive enterprise environment' that fostered enterprise development and met 'the emerging challenges and opportunities of an increasingly knowledge-based economy', as the Irish government described it in the early 2000s.

Ireland also excelled in establishing flexible business practices by reducing red tape across the economy. The Irish government, with the support of trade unions

and employers, also made the promotion of a competitive enterprise environment an overriding priority of its economic strategy.

A 2003 Johns Hopkins University study explained the extraordinary fact that US investment in Ireland in that year was more than two and half times greater than investment in China due to the former's more liberal investor friendly policies. While a June 2004 report by the European Equity and Venture Capital Association rated Ireland (along with the UK and Luxembourg) as the most attractive EU economies for investment because of its low tax burden and its flexible business practices.

In 2007, on the eve of the global financial crisis, Qatar recorded the fastest growth in FDI in the MENA region of US\$1.1 billion, seven times larger than in 2006.⁶⁶⁴ Qatar was also one of only three Middle Eastern countries (the other two were Kuwait and Lebanon), which did not see a decline in FDI during the tightening of the international credit markets during the global financial crisis.⁶⁶⁵

In order to attract FDI Qatar, in line with its approach in numerous other areas, also looked to implement innovative policies. To give just one example, Finance Minister Kamal acknowledged that Qatar considered on a number of occasions of following the Irish corporate tax model by reducing corporation tax from 35 percent to 12.5 percent for foreign companies operating in the non-hydrocarbon sector. This eventually came into effect on 1 January 2010.⁶⁶⁶

As this thesis has shown, Qatar achieved much success between 1995 and 2010 in building up its education sector. In terms of the quality of primary education Qatar led the way in the Arab world for much of this period followed by Lebanon and Tunisia and was not far behind Finland, the best global performer in education provision. In terms of the quality of secondary level education Qatar only achieved a

⁶⁶⁴ *The Peninsula*, 27 September 2008.

⁶⁶⁵ Babu Das Augustine, 'Investments in the region set to grow', *Gulf News*, 23 July 2010.

⁶⁶⁶ *Qatar: 2009 Article IV Consultation-IMF Country Report No. 10/41*, February 2010.

score that amounts to approximately 80 percent of the Finnish level but was still the best performer in the Arab world.

However, it should also be noted that Qatari students had some poor international test results, with no students scoring at advanced international level at mathematics, while it had one of the lowest international scores at 4th grade level and in 2007 scored among the lowest of 48 countries that took the TIMSS, an international test of math and science skill for 8th graders.⁶⁶⁷

In these terms Qatar still faces significant challenges in putting in place strong educational foundations. Firstly, despite rapid and significant improvements in the quality of education, there remains a tendency in Qatar, as is the case across the GCC, to adopt rigid educational curricula that do not necessarily reflect changing technology or produce graduates with the skills needed to develop cutting edge business sectors.⁶⁶⁸

A recent study into entrepreneurs and business owners in UAE showed that higher education correlated with the likelihood of starting up a business. Qatar should draw on this research and provide students with the skills to set up their own businesses as an alternative to becoming employees. Practical skills such as basic accountancy, business law, basic economics and advertising could be further prioritized in the curricula.

This way the growing number of Qatari graduates in science, macroeconomics, engineering and medicine, for whom business skills should form an important part of their degree, will be able to re-invest their knowledge in entrepreneurial ways in their home country, ensuring that there are a number of highly skilled local candidates

⁶⁶⁷ Raja Kamal, 'Harrods, or just a horrid investment', *Daily Star* (Beirut), 25 June 2010.

⁶⁶⁸ Nabith Maroun, Hatem Samman, Chadi N. Moujaes and Rabih Abouchakra, 'How to Succeed at Education Reform: The Case for Saudi Arabia and the Broader GCC Region', *Booz Allen Hamilton*, 2008, p.7

available for jobs.

There is also a need to increase the number of indigenous teachers especially employed in third level institutions in order to move away from the continued overreliance on expatriate teachers, whilst ensuring that tertiary education can continue to attract high-quality foreign teachers until this goal is accomplished.⁶⁶⁹

An even more pressing issue that needs to be dealt with is attracting more men into higher education and translating the impressive levels of female participation in higher education (women make up 70 percent of the student body at Qatar University) into workforce participation.

As noted above, Qatar needs to continue to invest heavily in education and training, which are vital to the strategic national objective of Qatarization and the successful participation in the global economy. Countries with similar GDP per capita levels invest on average twice as much in their students, which means that Qataris will join the labour market with less preparation than their counterparts from other countries.

This is a key challenge facing Qatar as it endeavours to develop the labour market and it is vital that it looks to formulate policies and reforms that will help develop a domestic workforce with the skills and incentives needed to work in the economy's most important and competitive positions.

As noted in relation to Ireland above, and something that is also evident in other successful small states like Israel and Singapore, is the fact that a strong education base is a key requirement for developing a globally competitive and sustainable economy that can attract significant amounts of Foreign Direct Investment (FDI).⁶⁷⁰

In particular, the Israeli case also highlights that on top of a strong educational

⁶⁶⁹ Ibid.

⁶⁷⁰ Economist Intelligence Unit, 'The GCC in 2020: The Gulf and its People,' London, 2009.

offering, long-term economic success requires building an investment and research environment that leads to cutting-edge technological innovation and world-beating entrepreneurship.

In proportion to its population, Israel has the largest number of start-ups in the world. In absolute terms, its 3,500 start-ups as of 2006, mostly in high tech, were second only to the U.S. Israel's success in building these cutting-edge companies from scratch can be traced back to the 1970s. It was driven by the economic realities of a tiny domestic market and regional isolation, as well as the strategic necessity of making long-term, risky investments in military technology in the face of relentless conflicts and arms embargoes.

By the time of the global high-tech boom in the 1990s, Israel – boosted by an influx of educated Russian Jews following the fall of the Soviet Union – had more scientists and technology workers per capita than any other country in the world. It also had an impressive track record of investment in education and a highly computer-literate high school population and the world's most advanced technology incubation programme.

The almost continuous economic growth in the period between 1995 and 2010 (which according to IMF figures reached 16% in 2010⁶⁷¹) meant that there was high demand for skilled labour to a level far exceeding the supply available among Qataris. The resulting chronic shortages in the labour market created a unique and challenging situation for the Qatari government, as it attempted to diversify its economy away from the hydrocarbon sector.

As of 2010-11 Qatari citizens accounted for just 25 percent total (425,563) of the total population (of 1,696,563). The remaining 75 percent of the population

⁶⁷¹ IMF, *Qatar: 2010 Article IV Consultation—Staff Report*, IMF Country Report No. 11/64, March 9, 2011.

(1,271,000), was made up of expatriates, many of whom had lived in the country for a long time. More than 1 million were migrant workers from India, Pakistan, Sri Lanka, Bangladesh, Philippines, who worked in construction (over 500,000) or in the service industries.⁶⁷²

Indeed, one recent major challenge has been the global attention on the poor welfare, living and working conditions of migrant labourers working in Qatar in preparation for World Cup 2022. This has included allegations that hundreds of Indian and Nepalese workers, who make up some of the largest groups of migrant workers in Qatar, have died since 2010.

Following a visit to Qatar in late 2013, Amnesty International's Secretary General was adamant that the Qatari government 'must step in now and end this crisis'. Amnesty, along with Human Rights Watch (HRW) has been one of the major groups that have been championing this cause along with the International Trade Union Confederation (ITUC) and Britain's *Guardian* newspaper.

Between 1995 and 2010, Qatar did pursue a vigorous programme of "Qatarization" under which all joint venture industries and government departments strived to move Qatari nationals into positions of greater authority. As was the case in other small states experiencing economic growth (Ireland in the early 2000s for example), growing numbers of foreign-educated Qataris returned home in these years to assume positions formerly occupied by expatriates. In order to control the influx of expatriate workers, Qatar also tightened its migrant labour policies.⁶⁷³

⁶⁷² 'Qatar Country Summary', *Human Rights Watch*, January 2012, p.1. Law 14 of 2004, governing labour in the private sector limits working hours, requires paid annual leave and sets requirements for health and safety. Neither the law nor supporting legislation set a minimum wage. The law allows Qataris to form unions and permits strikes without prior government approval. Migrant workers do not have a right to unionise or strike though they make up 99 percent of the private sector workforce.

⁶⁷³ David Roberts, 'Qatar's increasing international profile', *Kuwait Times*, 17 July 2009.

The policy of Qatarization is ambitious and challenging but as other small states have shown, notably Singapore, it is vital to move nationals into positions of responsibility and to streamline Qatar's bureaucracy and make it more efficient and responsive to people's needs. It is also necessary as part of the government's strategic policy of diversification and labour nationalization and in terms of the need to create employment opportunities for Qatari nationals in general in the private sector as a way of reducing citizen dependency on state sector employment.

In order to achieve this, the Qatari government needs to further highlight the benefits of a career in the private sector. By 2010, the private sector continued to represent a small portion of the economy. It was estimated that between 92 and 96 percent of Qataris who made up one in eight of the overall total labour force in the country, worked in either the public or semi-state (public-private cross-over sectors), while only 4 percent worked in the private sector.

This latter figure was down from 10 percent in 1986, as the state's on-going provision of generous public sector employment militates against Qataris having the incentives to acquire valuable skills and to work in the private sector.⁶⁷⁴ For example, a decade into the Emir's rule in 2005, the average monthly wage for employees in the private sector was QR3558 (\$975) compared to QR9139 (\$2,504) in the public sector, and QR11152 (\$3,055) in the mixed public-private sector. Though this has been addressed more recently as the government has looked to provide generous incentives for its citizens committed to entering the private sector Qataris still prefer public sector jobs based on the view that it is more prestigious and because of the highly

⁶⁷⁴ Kasim Randeree, *Workforce Nationalization in the Gulf Cooperation Council States*, Doha, Center for Regional and International Studies, Georgetown University School of Foreign Service, 2012, p.8. See also Government of Qatar: Planning Council, *Turning Qatar into a Competitive Knowledge-Based Economy: Knowledge Economy Assessment of Qatar*, *Qatar Knowledge Economy Project*, Doha, Government of Qatar, 2007, pp. 4-5.

desirable benefits, early retirement and high pensions.⁶⁷⁵

Fully aware of this, the *Qatar National Vision 2030*, published by the General Secretariat for Development Planning (GSDP) in July 2008, made one of its key objectives ensuring that ‘public and private sectors move ahead in step, pursuing their goals together’, as senior GSDP official explained.

This requires Qatar to continue on the path of developing the physical and infrastructural development of the country as prioritized between 1995 and 2010 with the proper support for human capital development primarily through education and investment in new technologies.⁶⁷⁶

Most importantly, investing in human capital development in all its aspects is crucial to building a diversified and sustainable economy that has a balance between the private and public sector, because, as the recent global economic crisis underlined, in times of downturn bloated and relatively un-productive public services are a drain on resources and limit the capacity to tackle structural economic change.

Vital to this is what an influential 2009 report described as ‘the set of factors that develop human capability and permit the easy and efficient growth of business activity’. These cover political, legal or socio-economic factors including the degree of political stability and the strength of the institutional framework, the rule of law, tax policies, and intellectual and physical property rights protection, research and development capabilities, business processes, and employee training and education.⁶⁷⁷

In the Qatari context this has required, and requires, addressing the issue of trade liberalization, regulatory reform and the privatization of state-owned Qatari

⁶⁷⁵ Arab Fund for Economic and Social Development, ‘Arab Human Development Report’, United Nations Development Programme, 2002, p.4.

⁶⁷⁶ Ugo Fasano and Zubair Iqbal, *GCC Countries: From Oil Dependence to Diversification*, Washington D.C., International Monetary Fund, 2003, pp. 5-12.

⁶⁷⁷ Credit Suisse Research, *Intangible Infrastructure: Building on the Foundations*, Credit Suisse, 8 Dec 2008.

enterprises such as the financial services sector and the utilities, the promotion of private sector development, as well as increasing transparency, predictability in national economic policies, laws, regulations and administrative practices affecting domestic and foreign investment.

Qatar will need to continue the privatisation programme for its dominant public sector entities. It will be quite a challenge for the government to relinquish control and interest over state enterprises to full private ownership given the size and the diverse activities of these entities. Full privatization is also challenging to the management of these enterprises, creating additional pressure on the issue of accountability and transparency and the creation of an effective corporate governance framework.

Qatar has looked to develop the rule of law, a strong and transparent institutional framework and the integrity of intellectual property rights. The IMF now classifies Qatar as “fairly good” in meeting transparency requirements and the IMF’s Article IV reviews of Qatar have been consistently positive about the country’s economic management. Nevertheless, in order to build on this going forward requires improving and developing administrative reform, including governance and rule of law, and transparency and accountability in public administration.⁶⁷⁸

The global economic crisis also underscored the danger of relying on a single source of income. The overreliance, for example, of Dubai and Ireland on a property boom and the subsequent near financial collapse of both economies, highlighted very clearly how the failure to diversify can create serious political and economic problems.⁶⁷⁹

The Qatar National Vision 2030 also set out economic diversification as one of

⁶⁷⁸ World Economic Forum, *The Arab World Competitiveness Review, 2010*.

⁶⁷⁹ Larry Elliot and Heather Stewart, ‘Fears of a Double Dip Recession Grow as Dubai Crashes’, *The Guardian*, 26 November 2009.

its ‘Four Pillars’. It defined economic diversification as ‘The development of a competitive and diversified economy capable of meeting the needs of, and securing a high standard of living for, all [Qatar’s] people for the present and for the future’.

As noted in chapter 4, for most of the period between 1995 and 2010 Qatar followed a gradual and cautious approach towards its diversification and sustainability strategy and one directly linked to oil and gas wealth. For example, the moratorium on new Gas projects in Qatar’s massive North Field, implemented to allow operators to find ways of sustaining high levels of output over the longer term, was initially scheduled to end in 2008, but has been continued until at least 2015.

To facilitate sustainability, the government established the Sustainability Development Industry (SDI) initiative, a pledge by companies to improve their environmental record, as well as their corporate governance, social progress and human development efforts.

Qatar’s General Secretariat for Development Planning (GSDP), which oversaw the publication of the Qatar 2030 Vision, also plays an important role in consulting, engaging and influencing policymakers on the role of sustainable development in national policy. As Saleh bin Mohammed Al-Nabit, Secretary-General of the GSDP has stated ‘Sustainable development is crucial to Qatar’s National Vision 2030’.⁶⁸⁰

As part of its goal to achieve suitable economic diversification, the National Vision recognised that ‘A diversified economy that *gradually reduces its dependence* on hydrocarbon industries enhances the role of the private sector and maintains its competitiveness’.⁶⁸¹ This is not notification of an intention by Qatar to abandon its hydrocarbon sector. Its contracts to supply natural gas to Japan, India, South Korea

⁶⁸⁰ ‘Qatar launches discussions on sustainability at Rio+20’, *PR Newswire.com*, 21 June 2012.

⁶⁸¹ See Qatar National Vision 2030 Report, Doha, General Secretariat for Development Planning, 2008.

and some European countries in the years before 2010 were primarily long-term contracts, often extending to 25 years in duration, and they have many years to run. Moreover, as a senior official in Qatar Shell acknowledged in 2010, the energy industry was confident that Qatar would be a key player in the global energy sector for the foreseeable future due to its LNG and pipeline gas exports.⁶⁸²

Acknowledging this, Qatargas, the world's largest LNG producer, has repeatedly promised that it will nonetheless maintain its commitment to Qatar's Sustainability Development Industry (SDI) initiative.

It is also true that in the years immediately preceding 2010, Qatar began to adopt a more aggressive approach to diversification out of hydrocarbons and set out ambitious goals for coming decades.⁶⁸³ As Abdul Mastafawi, the head of HSBC Qatar has put it, 'The philosophy has changed... This time they want to invest in downstream industry: fertilisers, plastics, and refined energies like gas to liquid clean diesel'.⁶⁸⁴

Having established the Qatar Petrochemical Company (QAPCO) in the mid-1970s, Qatar gradually established itself in the global petrochemicals sector with capabilities to produce ethylene, polyethylene and capacity build up in different types of petrochemical products such as polyethylene, polypropylene, styrene, polystyrene, aromatics and vinyl products. By the end of 2010 it had set a target to achieve annual petrochemical production of 18mn tonnes by 2015-16. In order to achieve this the government is investing billions of dollars in new petrochemical ventures through

⁶⁸²In April 2007 the world's largest exporters of natural gas planned to establish a high level group on gas pricing and Qatar dismissed any talk that this was a cartel. The contracts for supplying natural gas that Qatar signed with Japan, India, South Korea and some European countries are long-term contracts, often extending to 25 years. Speaking in 2010 in London a senior official in Qatar Shell was confident that Qatar would be a key player in the global energy security due to its LNG and pipeline gas exports. 'Strong demand for LNG set to make Qatar a leading player', *Gulf Times*, 5 March 2010.

⁶⁸³'Qatar Needs More Diversification', *Gulf News*, 13 May 2008.

⁶⁸⁴Ambrose Evans-Pritchard, 'Qatar fashions financial oasis to go toe-to-toe with East and West', *The Daily Telegraph*, 22 May 2009.

QAPCO, QP and their affiliates.⁶⁸⁵

In the gas-to-liquids portfolio, Qatar is also establishing itself quickly as one of the world's largest producer. This growing reputation is being driven by the construction of Pearl GTL, the world's largest gas-to-liquids project at Ras Laffan, already home to the world's largest single site producer of gas-to-liquids – Oryx GTL. Qatar is also investing in aluminum and fertilizer factories as part of its diversification strategy.

However, there was still much work to be done on this by the end of the time period covered in this thesis. According to the IMF, in 2010 hydrocarbon sector growth was estimated at 29.5 percent for 2011, while non-hydrocarbon growth was estimated at 9.5 percent.⁶⁸⁶ Connected directly to both this ongoing, and inevitably long-term dominance of the hydrocarbon sector, and the country's evolving commitment to sustainable development has been Qatar's development of a "Green" Economy.

Qatari hydrocarbon facilities are making notable progress in achieving measurable reductions in greenhouse gas emissions and investments in new technologies also offer the potential to open up another high-value revenue stream as demand for such technology grows globally. Indeed, one unique selling point of its World Cup bid in 2010 was the 'Green' nature of the Qatari World Cup in terms of the carbon footprint that would be left after the event and the emphasis on sustainability at every stage of the project.

Another notable example of this innovation in the Green economy is a project launched in 2008 to transform the area surrounding Doha North Sewage Treatment Works into an eco-park, the first of its kind to adopt ideas of sustainable development,

⁶⁸⁵ Pratap John, 'Qatar Energy Milestones', *Gulf Times*, 19 January 2011.

⁶⁸⁶ IMF, *Qatar: 2010 Article IV Consultation—Staff Report*, IMF Country Report No. 11/64, 9 March 2011.

while the treated water from the Doha North facility will irrigate the eco-park to provide a green space for the enjoyment of the local community.⁶⁸⁷

While the QIA has also agreed to be a lead partner in a plan that has led to the Agreement on the Establishment of the Global Green Growth Institute (GGGI) – with a mandate to develop a new model of economic development by linking economic performance to sustainability. The QIA has also invested extensively in Green projects overseas joining, for example, a Singapore-led consortium building the Tianjin Eco-city in China.

Qatar has also been a moving force behind the establishment of the Global Dry Land Alliance (GDLA) a partnership between arid and semi-arid countries facing the threat of food and water insecurity. In the period under examination in this thesis (1995-2010) Qatar's population grew by almost 200% to about 1.7 million. As noted previously, in 2008, the government established the Qatar National Food Security Programme (QNFSP).

By 2010, though Qatar imported 90 percent of its food and the country faced ongoing population growth, QNFSP officials estimated that country would continue to be able to meet its target of becoming self-sufficient for about 70 percent of its food requirements by 2023. Speaking in an interview with the *Qatar News Agency* one official explained that this would be achieved by using the latest technology to cultivate dry land.

QNFSP has set out a five-stage plan to increase agricultural self-sufficiency through creating four new economic sectors. This includes building an agriculture productivity sector that looks to maximize the cultivating sufficiency of a specific

⁶⁸⁷ *Gulf Times*, 31 January 2008.

piece of land; managing and desalinizing seawater; and building a sustainable energy and food manufacturing industry.⁶⁸⁸

One aspect of these plans that once more highlights the willingness of Qatar to break with conventional strategies is that the Qatari programme looks to achieve partial self-sufficiency through using high-technology to develop domestic agriculture at a time that other Gulf countries are conserving water by shutting down domestic cultivation.

These ambitious plans and targets highlight the fact that Qatar views food security as a matter as a national strategic priority especially after the global food crisis of 2008 that saw countries like Russia, India and Argentina impose export restrictions on various food goods.

A key part of Qatar's strategy of developing its non-energy sectors by using its energy wealth has been the development of the financial sector. By the end of 2010, according to the Arab Competitiveness Review, Qatar scored lower in this sector than in other areas in terms of trustworthiness and confidence among the business community (62nd); soundness of banks (46th) and the legal rights of borrowers and lenders (103rd).⁶⁸⁹

As the World Bank itself has shown in its own research 'financial openness is not a panacea'. Nor is there any evidence that financially open economies grow faster or have higher investment rates than other kinds of economies. It is also true that by opening up financially countries expose themselves to greater volatility due to the vagaries of international financial markets.

Although, as chapter 4 noted, Qatar was in a position to limit the impact of the global financial crisis on its banking system and to provide much-needed financial

⁶⁸⁸ 'Qatar aims to meet 70% of its food needs in 12 years', *Gulf News*, 20 February 2011.

⁶⁸⁹ World Economic Forum, 'The Arab World Competitiveness Review', 2010.

assistance to a number of national banks, events from 2008 onwards highlighted that the country's financial sector was far from immune to global events.⁶⁹⁰

In particular, the construction boom that had commenced in the early 2000s was put under severe pressure, which in turn threatened the banking sector, in particular, the part government-owned top six banks in the country. This led to a government decision to recapitalise public sector banks by 10-20 percent, which prevented a crisis situation but did impact on the credit rating of the affected banks, with Moody's for example, downgrading the entire Qatari banking industry in 2009.⁶⁹¹

On the other hand, financial openness does provide a valuable means for small states, like Qatar, to diversify some of the large risks they face and this is arguably the most important consideration for contemporary Qatar in thinking about the future direction of its financial sector.⁶⁹²

Abdul Aziz Al-Ghorairi in his illuminating and highly important research on the Qatari financial sector has shown that the development of the Qatari economy and other Arab Gulf states, in no small measure challenges the argument put forward extensively in the literature of financial sector development that the sector is the engine of growth and development in a modern society.

The engine of growth in these states, including Qatar, Al-Ghorairi has shown has been the massive hydrocarbon revenues that have enabled it to become the key

⁶⁹⁰See Brad W. Setser, 'Gulf States Find Oil Wealth a thin Buffer', *Council on Foreign Relations Expert Brief*, 14 November 2008, pp.1-3. See also M. Salem, 'Qatar Buys QR6.5bn of Bank Investments', *The Peninsula*, 21 March 2009. In his 2009 study of the banking system of Qatar Muharrami concluded that the banking sector in Qatar is highly concentrated. He also advises that the country's Central Bank should exercise great caution in allowing mergers between the existing banks and should take measures to induce the small banks to grow faster. The high concentration of banks resembles a monopolistic structure. This is an important observation, which could have far-reaching implications on the economy as a whole as the monopolistic structure of the banking industry could lead to collusion between banks and could subsequently affect the dynamics of economic growth.

⁶⁹¹M.M. Islam, 'Development and Performance of Domestic and Foreign Banks in GCC Countries', *Managerial Finance*, Vol. 29, No. 2-3 (2003), pp.42-72.

⁶⁹²William Easterly and Aart Kraay, 'Small States, Small Problems?', World Bank Development Research Group Policy Research *Working Paper 2139* (WPS2139), 1999, pp.36, p.12.

economic player in the state.⁶⁹³

This explains why Qatar's financial system was a late developer even compared with others in the GCC, notably those in Dubai, Bahrain or Kuwait. The Qatar Financial Centre (QFC) was established only in 2005 as a driver towards economic diversification and to spur financial sector development.⁶⁹⁴ In particular it was at the centre of the drive to attract global financial firms into Qatar and the wider region.⁶⁹⁵ The QFC allows for 100 percent ownership by foreign companies and provides a base that allows top financial firms to invest in and nurture local emerging businesses and upcoming entrepreneurs as well as participate in flagship development projects.

From its launch the government of Qatar promoted QFC as part of its strategy to increase the role of the financial sector as a main contributor to its strategy of economic diversification. In part this has been about developing a world-class infrastructure for international financial firms to establish regional hubs in Qatar.

However, the government has also made clear that QFC was created to 'support the development of Qatar and the wider region, develop local and regional markets, and strengthen the links between the energy-based economies and global financial markets'. As such, QFC is earmarked to be heavily involved in enhancing the competitiveness of the sector by attracting foreign capital, promoting transparency, improving regulation of the sector and promoting the Qatar brand.

By the end of 2007, the QFC had attracted and licensed a large number of

⁶⁹³ Abdul Aziz Al-Ghorairi, *The Development of the Financial Sector of Qatar and its Contribution to Economic Diversification*, Doctoral thesis, Durham University, 2010.

⁶⁹⁴ The Qatar Central Bank openly encourages competition and has carried out a number of reforms in recent years to facilitate entry of private and foreign players into the industry.

⁶⁹⁵ Aware of these challenges and constraints, the government made the decision in 2005 to create the QFC, as part of its effort to modernise and enhance the capacity and competitiveness of the financial sector as an essential element of its diversification strategy. The QFC has been instituted as an onshore finance free-zone where international financial institutions can set up 100 percent owned businesses and transact with Qatari as well as off-shore entities. This model has been created imitating similar entities created by Dubai and Bahrain.

firms from around the world representing the world's leading banks, insurers, investment houses, asset managers, legal firms, accountants, auditors and consultancies. By 2009 Standard & Poor rated the QFC as 'successful in terms of its own strategic goals'.⁶⁹⁶

As of the end of 2010, the date when this thesis ends, 128 firms were registered and ran offices at the QFC, including Goldman Sachs, Royal Bank of Scotland, Credit Suisse and JP Morgan.⁶⁹⁷ Notably, in terms of the above discussion on the links between training, diversification and education, QFC plans to play a major role training and developing local talent to work in financial services.

This strategy that focuses on creating an environment for international players to engage in the region through Qatar is an acknowledgment of the limitations of the domestic financial market. However, between 1995 and 2010 policymakers also attempted to address this key area.

The Qatari government looked to become more proactive in promoting economic diversity by increasing greatly the number of grants and loans to small businesses and businessmen, and by helping entrepreneurs to create prosperity and wealth by providing easily accessible credit for investment.⁶⁹⁸ This is important, as making credit available to the entrepreneurial class, as well as traditional small business owners and women, is essential.⁶⁹⁹

⁶⁹⁶ 'S&P report on Qatar finds "long term strengths, short term weaknesses', *Insurance Journal*, 27 January 2009, p.5.

⁶⁹⁷ 'Qatar Emerging as a Key Financial Centre in the Gulf', *Washington Times*, 27 June 2010; 'J.P. Morgan to open a Qatari branch', *Wall Street Journal*, 12 January 2011.

⁶⁹⁸ Martin Berlin, 'FDI and the Arab World', *OECD Meeting in Istanbul*, 11 February 2004, pp.2-9.

⁶⁹⁹ One specifically noteworthy socio-economic role played by the financial sector is that of employer of the female workforce. An estimated one-third of the total workforce in Qatar's banks are female according to the Qatar Statistical Authority. About 31 percent of employees at Qatari banks are drawn from the female population, while European banks in the country have a higher percentage (46 percent) of females in their workforce. About 22 percent of the workforce employed by foreign insurance companies is female while the percentage is lower at 14 percent and 16 percent for Qatari insurance companies and Arabic Insurance companies respectively. The national average for female employees among the workforce is much lower at 12 percent.

In Qatar, the banks have also looked to develop the flow of credit in the last decade. For example, funds earmarked for domestic investment by Qatari banks between 2004 and 2008 increased by 150 percent. They also expanded credit to private businesses and helped non-oil and gas businesses to emerge and grow through easy credit. Total credit expanded about 393 percent between 2003 and 2008. While credit to the public sector increased by 138 percent during this period, credit to the private sector saw a greater growth rate of 662 percent. This six-fold increase in credit to the private sector within a five-year period saw the percentage share of private sector credit in total credit increase from 54 percent to 77 percent.

This massive expansion in credit to the private sector during the period between 2000 and 2010 was one of the most important functions that the banks in Qatar have played in recent times because it highlights the increased role of banks in supporting private activities as part of the implementation of the diversification policy.

However, due to dependence on the energy sector throughout this decade and a half (in 2008, due to record oil prices, hydrocarbon GDP accounted for 61.69 percent of the total GDP), the financial sector's role in the economy, and with its banking lending activities focused on trade finance, consumer loans, real estate and the stock market.

Qatar's stock market was originally known as the Doha Securities Market (DSM) but subsequently changed its name to the Qatar Exchange. To start it was very small both in comparison with other emerging markets and in absolute terms. It grew quickly but this was followed by a sharp downturn in 2006 that wiped out previous gains.

However, subsequently, the Qatari government agreed to the sale of a 20 percent stake for US\$200m to NYSE Euronext, operator of the New York Stock

Exchange and the Paris Bourse among others. This enabled it to gain access to trading technology needed to launch new products largely unavailable on the markets of regional competitors. This led, in time, to Qatar Exchange growing significantly. By 2010, it was, placed third regionally in terms of capitalisation and fifth in terms of the value of traded stock.⁷⁰⁰

The government also instituted the Qatar Development Bank (QDB), a specialist developmental bank with the sole objective of providing credit to small and medium-sized enterprises. This is an area whose development will be significant going forward in terms of income, employment and growth generation, and which constitutes part of the diversification effort of the government.

Up until the establishment of the QDB, the Qatar Industrial Development Bank (QIDB) was the only specialized bank operating in Qatar in support of the industrial sector. In line with the new leadership's attempt to address the challenge of privatisation and diversification, the Bank was accorded formal approval under Emiri Decree No. 14, 1997, to commence operations in the same year.

A decade later, in 2007 the scope of the bank's activities was widened to include a range of sectors: industry, tourism, education, healthcare, agriculture, animal resources and fisheries and the Qatari government, the full owner of the bank, injected additional capital of QAR 10 billion to pursue this programme.

As highlighted above, meaningful diversification and sustainability involves developing a financial market that can respond to local and regional needs and opportunities. But it is also true that the financial market plays a key role in privatization. As this thesis has shown, this was an important aspect of the Qatari plan for diversification and sustainability in the period between 1995 and 2010.

⁷⁰⁰ Ambrose Evans-Pritchard, 'Qatar fashions financial oasis to go toe-to-toe with East and West', *Daily Telegraph*, 22 May 2009.

Since 2001, the government of Qatar focused on increasing private sector participation and gradually over the ensuing decade either fully or partially privatized key institutions. Notably it transferred the responsibility of the state-owned electricity and water corporations to an independent authority; it partially privatized Industries Qatar and Qatar Gas; and privatized telecommunications and the Qatar Fuel Company.

In these terms, the government plans to spend over US\$130 billion between 2010 and 2020 in the areas of health, social welfare, education and transport in the hope that this would lead to further capital flows from the local private sector as well as from abroad.

Qatar has also looked to strategically position itself as a safe haven for foreign investors and is ranked number one in the Middle East in terms of business confidence. As of 2010 the Wisdom Tree Middle East Dividend Index, a weighted index that measures the performance of companies in the Middle East region that pay regular cash dividends, lists Qatari based businesses as four of the top 10 holdings—Industries of Qatar (8.7 percent), Qatar National Bank (5.5 percent), Qatar Telecom (4.9 percent), and the Commercial Bank of Qatar (3.3 percent).⁷⁰¹

Likewise, the Dow Jones GCC Titans 40 Index, is a benchmark that measures the performance of publicly traded companies based in countries belonging to the Gulf Cooperation Council or that generate the majority of their revenues in these countries. According to this benchmark the Qatar National Bank (7.2 percent) and Qatar Telecom (3.5 percent) make an appearance in the top 10 holdings of this fund,

⁷⁰¹ Though accounting for about half the country's total bank deposits, the partly state-owned Qatar National Bank, looked to openly encourage competition and has carried out a number of reforms in recent years to facilitate entry of private and foreign players into the industry. See Ali F. Darrat and Saif S. Al-Sowaidi, 'Information technology, financial deepening and economic growth: Some evidence from a fast growing emerging economy', *Journal of Economics and International Finance*, Vol. 2, No.2 (February 2010), pp.28-35.

and in total Qatar accounts for about 22 percent of assets.⁷⁰²

Nonetheless, given that investors are more inclined to be attracted to proven sectors of the economy foreign investment in Qatar has remained confined primarily to the hydrocarbon sector and there has been much less foreign investment in other sectors of the economy.

Moreover, aware that external investors want fast returns compared to internal investors (including state agencies) who are making longer-term investments and who are more concerned with the local drive towards innovation and entrepreneurship, Qatar has also looked to attract foreign companies that add value to the country's development strategy across a number of economic areas.

This final chapter has examined the ways that Qatar's leaders attempted to achieve sustainable growth in the period between 1995 and 2010 and has also examined how this can be further developed in the future. It is the contention of this analysis that a vital part of this will require the country's leadership continually look to reassess exactly what it wants society to look like in the decades to come and to be clear and open about the values on which a national development strategy is built.

In particular, where relevant, the country's future leaders should adopt the 'best practice' of other small states in the international system as the Qatari economy, despite its impressive achievements since the mid-1990s, is still in the development phase and it is a truism of history that rapid development can also be accompanied by ugly side effects that are best avoided by looking at the mistakes of others.

Qatar's leaders should also continue to ensure that the country's wealth is not maximised through continuing an innovative and sustainable economic diversification programme. Finally, they should continue to invest resources in

⁷⁰²Jared Cummins, 'ETFs in Fastest-Growing Economy (Not China)', *TheStreet.com*, 28 July 2010.

building up their economic power in key areas, which can also help to diversify growth and improve competitiveness, notably in education, health, financial services, technology.

As the recent turmoil in the Arab world has highlighted, it is vital to address these issues as a priority as economic and social disparity is one of the biggest drivers of social unrest and focusing on this is a way of attacking the causes rather than the symptoms of future instability.

Conclusion

In 1987 a western diplomat with many years service in the Gulf region noted that ‘Qatar has always kept a very low profile. They have always been quiet’.⁷⁰³ A quarter of a century later it would have been impossible to find a diplomat in the region, or anywhere else in the world, holding the same opinion.

As this thesis has shown, between 1995 and 2010 the political leadership of Qatar was extremely ambitious about putting Qatar on the world map. In the process Qatar developed into, and consolidated its place internationally as, ‘the little state that could’⁷⁰⁴ and the ‘Arab El Dorado’.⁷⁰⁵

At the most basic level the Qatari objective in doing this was the same as it has been and is for every country when they decide to act either domestically or externally – to achieve stability and prosperity at home and to win friends and influence abroad. On balance, this was certainly achieved in the period under examination in this thesis. Writing in his recent book, *The End of Power*, published in 2013, the leading international affairs analyst Moises Naim described Qatar as ‘one of the best examples of smaller countries that have used coalitions of the willing, economic diplomacy (i.e. a lot of money), and soft power to advance their interests’.⁷⁰⁶

Certainly, in the period under analysis in this thesis, Qatar played a ‘unique diplomatic role in the Middle East as peace broker and regional moderator’.⁷⁰⁷ As

⁷⁰³ Warren Richley, ‘Iran loses ground in efforts to woo small Arab Gulf States’, *Christian Science Monitor*, 13 October 1987.

⁷⁰⁴ Steven A. Cook, ‘A Country with No Politics’, *The Weekly Standard*, 22 November 2004.

⁷⁰⁵ Arnaud de Borchgrave, ‘Move over Dubai’, *United Press International* (UPI), 5 March 2010

⁷⁰⁶ Moises Naim, *The End of Power: From Boardrooms to Battlefields and Churches to States, Why Being In Charge Isn’t What It Used to Be*, New York, Basic Books, 2013, p.149.

⁷⁰⁷ Andrew F. Cooper & Bessma Momani, ‘Qatar and Expanded Contours of Small State Diplomacy’,

previous chapters have highlighted, this was the fruit of the Qatari leadership's efforts between 1995 and 2010 at building a myriad of alliances and contacts and championing pro-active, unconventional and, at times, seemingly contradictory, policies abroad that have challenged Robert Keohane's assumptions on the limits, in terms of impact, of the small state 'on the [international] system'.

In a small state, where the leader aided by his closest advisors controls the decision-making process, foreign policy will always be an expression of the aspirations of the ruler. During the 1980s, under the current Emir's predecessor, Qatar's conservative approach to foreign affairs was widely held to be a reflection of the conservative nature of the then Emir.

Similarly, the country's external engagement between 1995 and 2010 can be viewed as a function of the vision and ambition of the Emir of that period. Indeed, in that decade and a half Qatar's international engagement was highly personalized, centered on the Emir and his prime minister and foreign minister.

This thesis has acknowledged the centrality of the current Emir (and his foreign minister) in developing Qatar's contemporary involvement in international affairs.⁷⁰⁸ In these terms, the announcement of his abdication on 24 June 2013 in favour of his 33-year-old son, Sheik Tamim bin Hamad bin Khalifa Al Thani followed by the new Emir's decision to remove Sheikh Hamad bin Jassim bin Jaber bin Muhammad Al Thani from his post as prime minister and foreign minister, means that Qatar's future foreign policy direction is unclear. Though the new Emir has publicly expressed a commitment to follow in his predecessor's path following the

The International Spectator: Italian Journal of International Affairs, Vol. 46, No. 3 (2011), pp.113-128, p.113.

⁷⁰⁸ There is a wide-ranging literature on the role of personality in foreign policy decision making. See for example, Graham T. Allison, *Essence of Decision: Explaining the Cuban Missile Crisis*, Boston, Little, Brown, 1971; Irving L. Janis, *Victims of Groupthink: A Psychological Study of Foreign Policy Decision and Fiascos*, Boston, Houghton Mifflin, 1972; Lloyd Jensen, *Explaining Foreign Policy*, Englewood Cliffs, N.J, Prentice Hall, 1982.

virtually unprecedented and brilliantly stage-managed leadership transition it is inevitable that a new leader will bring new priorities and directions to key foreign policy issues.⁷⁰⁹

To a certain extent this change of leadership does not matter because a country's foreign policy will always be influenced significantly by the external environment that a leader has to deal with while in power. In these terms, Qatar's future international role will depend on a set of regional and global circumstances that are currently only evolving.

In the 1980s, the bi-polar realities of the Cold War still dominated international affairs, especially in the energy rich and strategically invaluable Gulf region. This was compounded by the fact that Qatar had to deal with upheaval in neighbouring Iran, following the overthrow of a pro-Western Shah by Islamic revolutionaries in 1979.

This was followed soon after by an eight-year war between Iran and Iraq that required delicate diplomacy in order to shield Doha from the anger and potential revenge of much larger and more powerful neighbours. As a Qatari government official explained in 1987, 'after the war ends we don't want to have an enemy'.⁷¹⁰ This overriding, and understandable, preoccupation was very apparent in the later period of the Iran-Iraq war, when Qatar was more reluctant to support the involvement of western navies in Gulf waters than a number of its partners in the GCC including Saudi Arabia, Kuwait and Bahrain.

By the time that this thesis ends, in 2010, following the success in winning the World Cup there was a whole new set of domestic, regional and extra-regional factors

⁷⁰⁹ Marc Lynch, 'Mysteries of the Emir: What do we really know about the transfer of power in Qatar and the plans of the country's young, new leader?', *Foreign Policy*, 27 June 2013.

⁷¹⁰ Warren Richley, 'Iran loses ground in efforts to woo small Arab Gulf States', *Christian Science Monitor*, 13 October 1987.

that influenced Qatar's approach to foreign policy making in the near abroad as well as further afield.

The first related to the economic realities of recent years compared to the 1980s. Qatar was a relatively rich, if underdeveloped, small state in the 1980s. Since then, as chapter 4 charted, the country has evolved into an energy power of the first order, as well as a leading international financial, business and cultural centre.

Qatar's rapid development in all these areas coincided with the rapid process of globalization across the world. For better or for worse, this has fundamentally changed the way that countries engage externally in all domains. This is especially true of a country like Qatar that is fully integrated into the global economy and whose citizens and large resident expatriate population are both extremely outward looking and engaged with events in the outside world.⁷¹¹

As one commentator pointed out in 2010, leaving aside the English and Arabic versions of the Al-Jazeera network (examined in chapter 6), Qatar's two English language newspapers—*The Peninsula* and *Gulf News*—each carry as much international news content as global news outlets such as *The Financial Times* and the *International Herald Tribune*.⁷¹²

This interconnectedness has also expressed itself by way of a broad consensus that in an interconnected world, national and regional security and stability are pre-requisites for order in the international system and that order in the international system is vital for national and regional security. As chapters 3 and 5 have noted, momentous events like the end of the Cold War and the collapse of the Soviet Union in 1989-91; the 1991 war to free Kuwait following Iraq's invasion of the country; the

⁷¹¹ The rating agency Standard & Poor's projects an average annual population growth rate of 6 per cent until 2016. As of 2013, foreign nationals made up around 87 per cent of Qatar's 2 million strong population and expatriates represented around 93 of total workforce in the country.

⁷¹² Arnaud de Borchgrave, 'Move over Dubai', *UPI International*, 5 March 2010.

rise of Al-Qaeda and the organisation's attacks on the US in 2001; as well as the subsequent invasion of Iraq in 2003, have all profoundly influenced and even permanently altered the strategic environment in which Qatar exists and must function.

But these epoch changing events have all also underlined the fact that regional issues (like the Iraqi invasion of Kuwait) no longer only have regional consequences, just as the consequences of far away events, such as the Al-Qaeda 9/11 attacks on the United States can be felt far beyond the borders of the country where they occur.

In a 2010 speech, delivered on the eve of the Arab Spring, the Emir of Qatar addressed this unavoidable reality of modern life. The world, he noted, faced major political, environmental and economic instabilities and injustices that threatened to overturn all the positive achievements of recent decades. In order to prevent this from taking place the developed world had to work together to plan for the future by embracing 'sound thinking and balanced calculations'. He continued to urge that all partners needed to try to answer the vital question – 'How do we manage these challenges?'⁷¹³

It is the contention of this thesis that one can only understand Qatar's engagement in international affairs in the contemporary era if one views it as a small state attempting to 'manage these challenges' as the Emir put it in his 2010 speech.

This explains why in the years following 9/11 up until 2010 the two main pillars of Qatar's foreign policy were bilateral relations with the United States and developing Al-Jazeera into a global player as well as a global brand. This also explains Qatar's willingness to respond quickly and innovatively to regional and extra-regional events that on first appearances seem to have little to do with the country's direct interests. Such moves have not only regularly appeared to complicate

⁷¹³ 'Doha Forum Opens', *Gulf Times*, 13 May 2010.

rather than simplify the challenges that the country faces but have also and regularly puzzled, irritated and even angered its neighbours, partners, and allies.

Chapters 5 addressed this dynamic in the context of Qatari relations with the US and Saudi Arabia in the period following the 9/11 attacks and the US invasion of Iraq. It also examined Qatar's groundbreaking role in Lebanon, as well as its evolving relationship with Israel and the Palestinian factions in terms of this dynamic.

While chapter 6 examined this in the context of Al-Jazeera's alienation of the US as well as many of Qatar's Arab partners, in particular Saudi Arabia, for most of the last decade, and the Fatah leadership of the PA in the period between 2008 and 2010.

Throughout all this it is fair to define the Qatari approach as embodying 'a typically individualistic attitude'.⁷¹⁴ This was seen clearly, as chapter 6 has shown, in the important role that Al-Jazeera played in influencing the course of the Arab Spring in Egypt, Tunisia and Libya. As one contributor to a Japanese newspaper put it, with its 'round the clock workshop of live news, and interviews, switching from one revolution to another' Al-Jazeera was 'Qatar's promoter of the Arab Spring'.⁷¹⁵

Despite Al-Jazeera's role in the Arab Spring post-dating the end of 2010, it was important to include it among the issues addressed in chapter 6 of this thesis because it served to show how a small state, albeit one with significant financial resources, is capable of not only defending its narrow interests but, in contradiction to Keohane's hypothesis, can make 'a significant impact on the system'.

Indeed by looking at how Qatar not only used its media power so effectively, but drew on its evolving diplomatic experience it is possible to divine a number of

⁷¹⁴ Roula Khalaf, 'Pragmatic pursuit of regional interests', Qatar Special Report, *Financial Times*, 17 December 2011.

⁷¹⁵ *Japan Times*, 22 October 2011.

principles that underpin Qatar's foreign policy approach and which contribute to Qatar's capacity to make a 'significant impact on the system'.

These include a willingness to break with small state norms by taking *unnecessary risks*; a willingness to defy conventional thinking about the relationship between size and power by taking *a lead role in major international issues*; and a willingness to champion policies that *anger important regional and external partners*.

Qatar's foreign policy involvement both up to and especially since 2010 has sparked a backlash amongst commentators and even government officials in other nations who consider Qatar to have overextended itself diplomatically or worse, and to have alienated the very countries that it hoped to serve by involving itself where it was not wanted.

In particular it has become a common argument that with the Arab Spring Qatar stopped playing the role of neutral mediator by siding with those engaged in the fight for regime change and in consequence the country has increasingly faced the charge of having a foreign policy based on 'opportunism and promiscuity'.⁷¹⁶

For many this has been embodied in Qatar's post Arab Spring determination to support branches of the Muslim Brotherhood in Egypt, Gaza, Libya, Syria and Tunisia regardless of the impact of such a policy on regional stability and diplomatic ties with long-time allies, particularly partners in the GCC.

Some have argued that all this underscores the fact that Qatar's 'moment in the sun, however, is likely to be a transient one' because the country 'lacks the intrinsic qualities' to be a serious foreign policy player in the decades to come and

⁷¹⁶ Lina Khatib, 'Qatar's foreign policy: the limits of pragmatism', *International Affairs*, Vol. 89, No. 2 (March 2013), pp.417-432.

that it has ‘nothing to offer beyond bottomless coffers’ and will soon be ‘brushed aside’ and its ‘influence will be fleeting’.⁷¹⁷

Having said that, despite the diplomatic setbacks that Qatar has experienced since 2010 there remains extensive support for the view that while Qatar’s foreign-policy activism has over-reached itself on some issues, the country has earned its foreign policy spurs in the past decade and a half and can and should continue to play a independent role in international affairs going forward.

As one Russian commentator writing in 2012 noted, ‘The Qatari example disproves the old belief that the main indicators of a country’s influence are the size of its area and population, and the power of its armed forces’.⁷¹⁸ In the same period a French weekly described the then Emir as ‘a global player, intermediary between east and west and the ruler of a “new world power”’.⁷¹⁹

Subsequently, in February 2013, Jane Kinninmont, one of the UK’s most informed commentators on the region, was of the view that despite the foreign policy challenges and mistakes of recent times ‘this increasingly confident tiny country is not yet afraid of over-reaching itself’.⁷²⁰

Indeed, it is widely forgotten that during the Arab Spring Qatar demonstrated a willingness to take risks beyond its borders that is unusual for a small state. It also exhibited a tendency, again unusual for a small state, to shoulder significant responsibilities and to take the lead on key international issues. Notably Qatar’s Emir was the first Arab leader to join the NATO-led operation in Libya and the first Arab

⁷¹⁷ Barak Barfi, ‘Why Qatar’s new influence won’t last’, *CNN*, 15 May 2012.

⁷¹⁸ See Sergei Balmasov, ‘Qatar’s Golden Age’, *Zaman*, 21 December 2012 See also, for example, Elizabeth Dickinson, ‘Tiny Qatar played outsized role as Arab League president. Will it last?’, *Christian Science Monitor*, 28 March 2012.

⁷¹⁹ Alexander Smolczyk and Bernhard Zand, ‘Power Play in the Gulf: Tiny Qatar Has Big Diplomatic Ambitions’, *Spiegel Online*, 14 March 2012.

⁷²⁰ Jane Kinninmont, ‘From football to military might, how Qatar wields global power’, *The Guardian*, 3 February 2013.

leader to publicly call for military intervention in Syria. He was also the only GCC leader to visit Egypt and meet with Field Marshal Tantawi in his new capacity as *de facto* ruler of Egypt following the overthrow of the Mubarak regime back in May 2011.

This is not to ignore the difficulties and limits that Qatar faces as a small state playing for big stakes in the international arena. But it is also true that over the last decade and a half Qatar has shown that in a rapidly changing global system, small states can act in the foreign policy sphere in a less constrained fashion with great flexibility and beyond what is generally viewed to be the capacity of small states to influence major international issues.

And while one level the Qatar model is unique to Qatar and has limited relevance for other small states, on another level Qatar between 1995 and 2010 served as a perfect example of what Henrikson has noted – that a state's perception of its size and with it its influence is very subjective and differs greatly from the perception of other external parties.⁷²¹

There will be undoubtedly be further major foreign policy challenges ahead for the country's new leadership. It is likely that Al-Jazeera will be very different than the organization that was in existence between 1995 and 2010. During that period the news channel was a key aspect of Qatar's rising global profile and foreign policy engagement.

By 2011, after fifteen 'controversial'⁷²² years in existence, the news network was finally playing the role many had predicted, and many others had feared, for so long. It was not simply relaying the news but playing an important role at the centre of upheaval and revolution across the Arab world. As then US Secretary of State

⁷²¹ A.H. Henrikson, 'A coming 'Magesian age? Small states, the global system, and the international community', *Geopolitics*, Vol. 6, 2001, pp.49-86, p.62-63.

⁷²² Robert F. Worth, 'Qatar, playing all sides, is a nonstop mediator', *The New York Times*, 9 July 2008.

Hilary Clinton, for one, acknowledged in mid-2011 Al-Jazeera deserved credit for ‘changing people’s minds and attitudes...it is really effective...it’s real news’.⁷²³

Arguably, this marked the high point in the channel’s influence and standing. In terms of politics, since that time the channel has faced widespread criticism for its apparent one-sided support of the Muslim Brotherhood across the Arab world. In November 2012, for example, the well-known expert Alain Gresh wrote that the news channel had ‘lost much of its lustre –and some of its best journalists – as a result, and has become a mouthpiece for the Brotherhood’.⁷²⁴ The following January *The Economist* in an article titled “Must Do Better”, condemned the network for its ‘breathless boosting’ of ‘the Qatar-aligned Muslim Brotherhood in Egypt’.

Since then there has been a proliferation of regional channels building on the Al-Jazeera model. Direct 24-hour news networks such as Abu Dhabi TV and Al Arabiya (a Saudi-funded channel which broadcasts from Dubai) are in direct competition with Al-Jazeera and have looked to emulate Al-Jazeera’s formula of field reporting, and tough questioning of political figures on live interviews.⁷²⁵

The Arab spring has also resulted in a more sprawling and vibrant network of local and national news, all of which will inevitably supplement Al-Jazeera’s regional focus.⁷²⁶ Though in these terms it should be noted that the channel launched Al-Jazeera Mubasher Misr Egypt Live, a TV channel targeted specifically to the Egyptian market only ten days after Mubarak was ousted from power. Nevertheless, the channel also has to compete increasingly with the internet, mobile phones, voice

⁷²³ Jonathan Gomall, ‘Arab Spring brings AL Jazeera to full bloom’, *The National*, 24 June 2011.

⁷²⁴ Sultan Sooud Al-Qassemi, ‘Al Jazeera’s Awful Week’, *Foreign Policy*, 11 July 2013.

⁷²⁵ Olivier Da Lage ‘Politics and media in the Middle East: The post-Al Jazeera era’, *Moyen-Orient*, 29 December 2013.

⁷²⁶ Philip Seib, ‘The Resignation of Wadah Khanfar and the Future of Al Jazeera’, *Foreign Affairs*, 27 September 2011.

over IP (VoIP), chats, social networks, and SMSes as a prime source of information for many in the Arab world.⁷²⁷

Qatar remains one of the world's fastest growing economies and, as this thesis has shown, it is using the spotlight of hosting the 2022 FIFA World Cup in combination with its vast hydrocarbon revenues both to continue development at home and to promote the Qatar brand abroad.

It cannot be stressed enough that the extent of Qatar's domestic success over the last decade and a half has been based on a willingness to take informed risks. On the domestic front (as chapter 4 has shown) this was most apparent in the 1990s decision to bet heavily on becoming a leading global gas exporter in the medium term despite difficult market conditions and gaps in technology that made this a difficult goal to achieve.

At the time of completion of this thesis Qatar was the fourth largest dry natural gas producer after the United States, Russia and Iran and continued its number one status as the world's leading exporter of liquefied natural gas (LNG), a position it has held since 2006. Qatar is also a leading producer of gas-to-liquids (GTL) and home to the world's largest GTL facility.⁷²⁸

Qatar's non-hydrocarbon sectors accounted for a solid 58 per cent of GDP in 2012 and is projected to rise in the run up to the World Cup 2022 on the back of investments in infrastructure projects besides initiatives by private sector investors.

As Windecker and Sendrowicz have noted, though the 2022 World Cup should be the crowning achievement of its foreign policy stance it bears the risk of

⁷²⁷This was seen clearly in Iran after the June 2009 election when President Ahmadinejad's opponents had been deprived of access to most traditional media outlets, the opposition capitalised on the tools made available by Twitter, Facebook, Youtube (with videos taken and sent from mobile phones), and SMS. The Iranian authorities tried to block Twitter and Facebook, and to shut down the mobile phone networks for a time. But, after a while, they had to back down.

⁷²⁸ US Energy Information Administration, *Qatar: Country Overview*, 30 January 2014, pp. 16, p.1.

damaging the country's image. The precarious situation of migrant workers on the construction sites of future venues is casting a shadow on Qatar's efforts to project a positive image of itself to the world.⁷²⁹

This aside, at home Qatar's achievements have been notable. As well as building up its energy sector it has also looked to develop quickly into a financial, cultural and sports hub as evidenced most notably by its successful bid to host the 2022 World Cup. Moreover all this was achieved during the worst global economic downturn in living memory, a period in which a number of other small states – including Ireland, Portugal, Iceland and closer to home Dubai –were hit particularly hard.

In this context Qatar is a text book proof of the argument that a small nation will usually be able to preserve more of its independence by diversifying its foreign trade as well as foreign investment as it weighs the short term costs (both economic, social and cultural) of such diversification against the long term gains.

These benefits include increased productivity and prosperity which, apart from bringing in a source of income other than energy-based revenues, will allow states to wean their population away from relying upon state handouts. However, as the final chapter has showed, for all its success Qatar continues to face significant challenges in achieving its domestic objectives for the future, primarily in meeting the goal of sustainable socio-economic development in a challenging social and economic climate.

⁷²⁹ Amnesty International, 'Unpaid migrant construction workers left to go hungry', London, 13 December 2013; See also another Amnesty International Report, *The Dark Side of Migration: Spotlight on Qatar's construction sector ahead of the World Cup* and also Human Rights Watch, *Qatar: Serious Migrant Worker Abuses, Construction Boom Not Accompanied by Labor Reform*, 21 January 2014.

⁷²⁹ Gidon Windecker and Peter Sendrowicz, 'Qatar Between Marketing and Realpolitik: A Smart Business Model for a Microstate?', No. 1, 2014, *KAS International Reports*, pp.83-102, p.85.

Qatar also challenges traditional notions about size and capabilities. As this thesis has shown, between 1995 and 2010, the country's policymakers, led by the Emir himself, reframed the debate on what is possible and what is necessary for a small state in a dangerous region to do in order to facilitate and protect domestic progress, to contribute to regional stability and to establish itself as a serious player on the international stage.

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